

# CITY OF SANTA BARBARA CITY COUNCIL

**Marty Blum**

*Mayor*

**Dale Francisco**

*Mayor Pro Tempore*

**Das Williams**

*Ordinance Committee Chair*

**Roger L. Horton**

*Finance Committee Chair*

**Iya G. Falcone**

**Grant House**

**Helene Schneider**



**James L. Armstrong**

*City Administrator*

**Stephen P. Wiley**

*City Attorney*

**City Hall**

*735 Anacapa Street*

<http://www.SantaBarbaraCA.gov>

## MARCH 3, 2009 AGENDA

**ORDER OF BUSINESS:** Regular meetings of the Finance Committee and the Ordinance Committee begin at 12:30 p.m. The regular City Council meeting begins at 2:00 p.m. in the Council Chamber at City Hall.

**REPORTS:** Copies of the reports relating to agenda items are available for review in the City Clerk's Office, at the Central Library, and <http://www.SantaBarbaraCA.gov>. In accordance with state law requirements, this agenda generally contains only a brief general description of each item of business to be transacted or discussed at the meeting. Should you wish more detailed information regarding any particular agenda item, you are encouraged to obtain a copy of the Council Agenda Report (a "CAR") for that item from either the Clerk's Office, the Reference Desk at the City's Main Library, or online at the City's website (<http://www.SantaBarbaraCA.gov>). Materials related to an item on this agenda submitted to the City Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office located at City Hall, 735 Anacapa Street, Santa Barbara, CA 93101, during normal business hours.

**PUBLIC COMMENT:** At the beginning of the 2:00 p.m. session of each regular City Council meeting, and at the beginning of each special City Council meeting, any member of the public may address the City Council concerning any item not on the Council's agenda. Any person wishing to make such address should first complete and deliver a "Request to Speak" form prior to the time that public comment is taken up by the City Council. Should City Council business continue into the evening session of a regular City Council meeting at 6:00 p.m., the City Council will allow any member of the public who did not address them during the 2:00 p.m. session to do so. The total amount of time for public comments will be 15 minutes, and no individual speaker may speak for more than 1 minute. The City Council, upon majority vote, may decline to hear a speaker on the grounds that the subject matter is beyond their jurisdiction.

**REQUEST TO SPEAK:** A member of the public may address the Finance or Ordinance Committee or City Council regarding any scheduled agenda item. Any person wishing to make such address should first complete and deliver a "Request to Speak" form prior to the time that the item is taken up by the Finance or Ordinance Committee or City Council.

**CONSENT CALENDAR:** The Consent Calendar is comprised of items that will not usually require discussion by the City Council. A Consent Calendar item is open for discussion by the City Council upon request of a Councilmember, City staff, or member of the public. Items on the Consent Calendar may be approved by a single motion. Should you wish to comment on an item listed on the Consent Agenda, after turning in your "Request to Speak" form, you should come forward to speak at the time the Council considers the Consent Calendar.

**AMERICANS WITH DISABILITIES ACT:** In compliance with the Americans with Disabilities Act, if you need special assistance to gain access to, comment at, or participate in this meeting, please contact the City Administrator's Office at 564-5305 or inquire at the City Clerk's Office on the day of the meeting. If possible, notification at least 48 hours prior to the meeting will enable the City to make reasonable arrangements in most cases.

**TELEVISION COVERAGE:** Each regular City Council meeting is broadcast live in English and Spanish on City TV Channel 18 and rebroadcast in English on Wednesdays and Thursdays at 7:00 p.m. and Saturdays at 9:00 a.m., and in Spanish on Sundays at 4:00 p.m. Each televised Council meeting is closed captioned for the hearing impaired. Check the City TV program guide at [www.citytv18.com](http://www.citytv18.com) for rebroadcasts of Finance and Ordinance Committee meetings, and for any changes to the replay schedule.

## **ORDER OF BUSINESS**

- 12:00 p.m. - Special Finance Committee Meeting, David Gebhard Public Meeting Room, 630 Garden Street
- 12:30 p.m. - Ordinance Committee Meeting, Council Chamber
- 2:00 p.m. - City Council Meeting

### **SPECIAL FINANCE COMMITTEE MEETING - 12:00 P.M. IN DAVID GEBHARD PUBLIC MEETING ROOM, 630 GARDEN STREET (120.03)**

#### **1. Subject: Fiscal Year 2009 Mid-Year Review**

Recommendation: That the Finance Committee recommend that Council:

- A. Hear a report from staff on the status of revenues and expenditures in relation to budget as of December 31, 2008;
- B. Accept the Fiscal Year 2009 Interim Financial Statements for the Six Months Ended December 31, 2008; and
- C. Approve the adjustments to appropriations and estimated revenues as shown in the Schedule of Recommended Mid-Year Budget Adjustments.  
(See Council Agenda Item No. 6)

#### **2. Subject: Infrastructure Financing Task Force Recommendations - Review Of Financial And Reserve Policies**

Recommendation: That the Finance Committee review the Infrastructure Financing Task Force's recommendations on the City's financial and reserve policies.

### **ORDINANCE COMMITTEE MEETING - 12:30 P.M. IN THE COUNCIL CHAMBER (120.03)**

#### **Subject: Alternative Building Heights Charter Amendment**

Recommendation: That the Ordinance Committee review and make a recommendation to Council on draft charter language amending City Charter Section 1506 with regard to changing the City Charter's 60-foot building height allowance for certain commercial zones.

# **REGULAR CITY COUNCIL MEETING – 2:00 P.M.**

## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

## **CEREMONIAL ITEMS**

- 1. Subject: Proclamation Declaring March 7, 2009, As Arbor Day (120.04)**
- 2. Subject: Employee Recognition - Service Award Pins (410.01)**

Recommendation: That Council authorize the City Administrator to express the City's appreciation to employees who are eligible to receive service award pins for their years of service through March 31, 2009.

## **CHANGES TO THE AGENDA**

## **PUBLIC COMMENT**

## **CONSENT CALENDAR**

- 3. Subject: Parma Trust Funds In The Amount Of \$85,000 For Maintenance And Restoration Of Parma Park (570.05)**

Recommendation: That Council increase appropriations and estimated revenues by \$85,000 in the Fiscal Year 2009 Parks and Recreation Department Miscellaneous Grants Fund for maintenance work at Parma Park.

- 4. Subject: Caltrans Reimbursement Agreement For State Route 192 Utility Relocations (540.06)**

Recommendation: That Council:

- A. Authorize the Public Works Director to execute Utility Agreement No. 05-UT-1015.703 with the California Department of Transportation (Caltrans), District 5, for the relocation of City water line facilities; and
- B. Authorize the General Services Manager to issue a purchase order to Caltrans in the amount of \$80,950 for reimbursement of the cost of relocating City water line facilities on Highway 192.

## **CONSENT CALENDAR (CONT'D)**

### **NOTICES**

5. The City Clerk has on Thursday, February 26, 2009, posted this agenda in the Office of the City Clerk, on the City Hall Public Notice Board on the outside balcony of City Hall, and on the Internet.

**This concludes the Consent Calendar.**

## **REPORT FROM THE FINANCE COMMITTEE**

## **REPORT FROM THE ORDINANCE COMMITTEE**

## **CITY COUNCIL ADMINISTRATIVE AND ATTORNEY REPORTS**

### **FINANCE DEPARTMENT**

#### **6. Subject: Fiscal Year 2009 Mid-Year Review (230.04)**

Recommendation: That Council:

- A. Hear a report from staff on the status of revenues and expenditures in relation to budget as of December 31, 2008;
- B. Accept the Fiscal Year 2009 Interim Financial Statements for the Six Months Ended December 31, 2008; and
- C. Approve the adjustments to appropriations and estimated revenues as shown in the Schedule of Recommended Mid-Year Budget Adjustments.

#### **7. Subject: Proposed New Business Sector Trash And Recycling Rate Structure Effective July 1, 2009 (630.01)**

Recommendation: That Council approve the proposed business trash and recycling structure and direct staff to finalize the rates and initiate outreach and noticing requirements.

### **PUBLIC WORKS DEPARTMENT**

#### **8. Subject: Capital Improvement Projects Second Quarter Report For Fiscal Year 2009 (230.01)**

Recommendation: That Council receive, for information only, the Capital Improvement Projects (CIP) Second Quarter Report for Fiscal Year 2009.

## **COUNCIL AND STAFF COMMUNICATIONS**

## **COUNCILMEMBER COMMITTEE ASSIGNMENT REPORTS**

## **CLOSED SESSIONS**

### **9. Subject: Conference With Legal Counsel - Pending Litigation (160.03)**

Recommendation: That Council hold a closed session to consider pending litigation pursuant to subsection (a) of section 54956.9 of the Government Code and take appropriate action as needed. The pending litigation is Javier Bravo, et al., v. City of Santa Maria, et al., USDC Case Number CV 06-6851 FMC (SHx).

Scheduling: Duration, 15 minutes; anytime

Report: None anticipated

## **ADJOURNMENT**

CITY OF SANTA BARBARA  
**FINANCE COMMITTEE**  
SPECIAL MEETING AGENDA

DATE: March 3, 2009

TIME: 12:00 p.m.

PLACE: David Gebhard Public Meeting Room  
630 Garden Street

Roger L. Horton, Chair

Helene Schneider

Iya Falcone

James L. Armstrong  
City Administrator

Robert D. Peirson  
Finance Director

**ITEMS TO BE CONSIDERED:**

**1. Subject: Fiscal Year 2009 Mid-Year Review**

Recommendation: That the Finance Committee recommend that Council:

- A. Hear a report from staff on the status of revenues and expenditures in relation to budget as of December 31, 2008;
- B. Accept the Fiscal Year 2009 Interim Financial Statements for the Six Months Ended December 31, 2008; and
- C. Approve the adjustments to appropriations and estimated revenues as shown in the Schedule of Recommended Mid-Year Budget Adjustments.

(See Council Agenda Item No. 6)

**2. Subject: Infrastructure Financing Task Force Recommendations-  
Review Of Financial And Reserve Policies**

Recommendation: That the Finance Committee review the Infrastructure Financing Taskforce's recommendations on the City's financial and reserve policies.



## **CITY OF SANTA BARBARA**

### **FINANCE COMMITTEE AGENDA REPORT**

**AGENDA DATE:** March 3, 2009

**TO:** Finance Committee

**FROM:** Administration Division, Finance Department

**SUBJECT:** Infrastructure Financing Task Force Recommendations – Review Of Financial And Reserve Policies

#### **RECOMMENDATION:**

That the Finance Committee review the Infrastructure Financing Task Force's recommendations on the City's financial and reserve policies.

#### **DISCUSSION:**

A number of the recommendations of the Infrastructure Financing Taskforce (IFT) address the financial and reserve policies established in Resolution numbers 95-156 and 95-157. Copies of the IFT recommendations and the two 1995 resolutions are attached.

The financial and reserve policies established by the 1995 resolutions have not been formally reviewed since adoption. Even before the IFT had been established, the Finance Committee had expressed a desire to review the City's reserve policies. Once the IFT had been established, staff recommended that the Finance Committee await the Taskforce report in order to include consideration of any Taskforce recommendations on the financial and reserve policies established in the resolutions.

Staff anticipates that a thorough review of the IFT financial and reserve policy recommendations and the related policies contained in the resolutions will take more than one meeting. Based on this, staff is not expecting the Committee to reach any conclusions or develop any recommendations at this meeting.

In this first meeting, Staff plans to review and discuss the IFT recommendations, the two resolutions and present some comparative information on reserve policies and funding levels from other cities. This information can then form the foundation for future discussions and recommendations which will take place over the coming weeks.

**ATTACHMENTS:**

1. Financing Recommendations of the IFT
2. Management and Policy Recommendations of the IFT
3. Resolution No. 95-156
4. Resolution No. 95-157

**SUBMITTED BY:** Robert D. Peirson, Finance Director

**APPROVED BY:** City Administrator's Office

## Financing Recommendations of the IFT

### Financing Recommendations

1. Revise Resolution No. 95-156 to commit the City to immediately increase efficiency of all the resources under its control by 2-3% annually, to free up additional funds for infrastructure needs. Review results at the end of the second year.
2. Revise Resolution No. 95-157 to commit the City to implement and achieve an annual 10% "off-the-top" General Fund capital allocation no later than FY 2012 to be spent annually for infrastructure projects or essential borrowing to core services based on increased revenue growth and operating efficiencies.
3. Revise the Capital Reserve requirements for Resolution No. 95-157 to 5% of the estimated replacement value of capital assets instead of book value; and the goal of the General Fund Capital Reserve shall be set at \$5 million in addition to the 10% General Fund capital allocation.
4. Change the City's fiscal policies to fund accrued depreciation and facility renewal costs at replacement rather than book value for all municipal facilities.
5. Fully fund the annual facility renewal costs of approximately \$2.1 million and conduct the work needed on a regular basis.
6. Assess the potential for adding a 0.5% local sales tax, either as a new funding source for critical infrastructure projects or to replace funds that may be lost from Measure A and Measure G if they are not approved.
7. Expand the use of public-private charitable partnerships, in support of key civic activities.
8. Explore the potential of securing greater cooperation between the public and private sector in the form of public-private partnerships or "performance-based infrastructure" (PBI) investments.
9. Establish fair market rates for all boating and slippage fees in the harbor that are both equivalent to similar southern California cities and sufficient to cover the full (direct and indirect) costs of providing marina services.
10. Use the General Fund to provide contingency backing for debt for various Enterprise Funds so long as it does not compromise the City's ability to borrow for General Funds' own infrastructure needs.
11. Explore options for collateralizing and bonding future revenue streams (such as the City's share of the State gasoline tax) as a means for providing funds for infrastructure improvements if other sources of revenue dry up.
12. Maintain the option of issuing new voter approved General Obligation Bonds to pay for major infrastructure projects.



## **Management and Policy Recommendations of the IFT**

### **Management and Policy Recommendations**

1. Make the funding of a new Police Station and adequate Fire and Emergency disaster facilities the highest capital infrastructure priorities for the General Fund.
2. Designate the Waterfront Department as responsible for the operation, maintenance and support of all recreation, boating, and harbor activities to the east of Cabrillo Boulevard – including the operation of the Cabrillo Bathhouse, East Beach and associated facilities – thereby freeing up the General Fund to pay for other infrastructure improvements in the Parks and Recreation Department.
3. Reduce the City's operating costs and free up funds for infrastructure financing by: "sun-setting" underutilized and outdated programs; initiating a "zero based" budgeting process at least once every four to five years, closing, or leasing, or selling any of the 500,000 square feet of General Fund facilities that are not needed; and disposing of any surplus property that might have utility value and generate income if sold or leased. (An example where the City does this successfully is the leasing of City-owned property at the airport providing a stream of revenue to help the airport be self-sufficient.)
4. Renew and update Resolutions No. 95-156 and No. 95-157, which have provided guidance to the City's financial policy for more than a decade, to reflect current economic realities.
5. Implement a Management Information Report to enable the City Council to track and review progress on; reducing the deferred maintenance backlog, progress on securing financing for unfunded capital needs, and maintaining Capital Reserves, as well as monitoring progress on other recommendations in this report.
6. Upgrade the City's capital infrastructure budgeting process by developing a budget report similar to the University of California Santa Barbara reporting system for State Capital Improvements.
7. Enforce existing panhandling ordinances and develop a program (similar to other successful cities) to overcome the City's growing gang problem – both of which are a threat to the civility of Santa Barbara and its viability as a destination resort, which is key to maintaining the revenues which support infrastructure.
8. Develop an ongoing program that will educate the public on the fundamental importance of a well-maintained and adequately funded infrastructure – and ensure support for these policies.
9. Develop a detailed implementation plan for these recommendations by January 20, 2009, and report back to the Council twice a year.

**RESOLUTION NO. 95-156**

**A RESOLUTION OF THE COUNCIL OF THE  
CITY OF SANTA BARBARA ESTABLISHING  
BUDGET POLICIES FOR THE GENERAL  
FUND AND THE ENTERPRISE FUNDS**

WHEREAS, the City Council desires that the development and adoption of the annual budgets for the City's General Fund and the Enterprise Funds should be guided by sound budget principles; and

WHEREAS, staff historically has relied on sound budget principles in preparing the recommended Two Year Financial Plan and Annual Budget for the City; and

WHEREAS, such policies will be most readily communicated and understood if they are consolidated and formally adopted in a single document; and

WHEREAS, management staff from all departments have participated in discussions and development of proposed budget policies; and

WHEREAS, staff has presented and Council has reviewed the proposed policies in a Council Work session on October 17, 1995; and

WHEREAS, the Council has considered the proposed policies at a regular Council meeting on November 14, 1995;

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Santa Barbara that the following budget policies are adopted:

1. For the Two Year Financial Plan covering Fiscal Years 1997 and 1998, all current operating expenditures will be paid for with current revenues.
2. Budgetary emphasis will focus on providing high quality municipal services, recognizing the fundamental importance to the public of public safety and well maintained infrastructure.
3. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment.
4. The budget will reflect a higher priority for maintenance of existing facilities than for acquisition of new facilities.

5. Future maintenance needs for all new capital facilities will be fully costed out, and added costs will be recognized and included in future year budget projections.
6. Strong customer service and productivity improvements with a focus on cost savings remain important budgetary goals.
7. A diversified and stable revenue system will be maintained to shelter the City from short-run fluctuations in any single revenue source.
8. Revenues will be conservatively estimated, will be projected for the next four years and will be updated at least annually.
9. Intergovernmental assistance in the form of grants and loans will be used to finance only:
  - those capital improvements consistent with the Six-Year Capital Program priorities and which can be maintained and operated over time; and
  - operating programs which either can be sustained over time or have a limited horizon.
10. One-time revenues will be used for operating programs only after an examination determines whether they are subsidizing an imbalance between operating revenues and expenditures, and then only if a long-term forecast shows that the operating deficit will not continue. In general, one-time revenues will be used only to support capital or other non-recurring expenditures.
11. Budgetary strategies that fund current operations at the expense of future needs, such as postponing capital expenditures, will be avoided.
12. All fees and charges for each enterprise fund will be set at a level that fully supports the direct and indirect cost of the enterprise.
13. Annually, the City will seek the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Reporting and the GFOA Distinguished Budget Presentation Award.

**RESOLUTION NO. 95-157**

**A RESOLUTION OF THE COUNCIL OF  
THE CITY OF SANTA BARBARA  
ESTABLISHING POLICIES FOR RESERVES  
FOR THE CITY'S GENERAL FUND AND  
ENTERPRISE FUNDS**

WHEREAS, the City desires to establish policies regarding reserves for the various City funds for the purpose of providing consistent designations for different categories of reserves, ensuring fiscal security for the funds, defining standards for minimum and maximum amounts to be maintained in reserves, and providing flexibility to recognize differences among funds; and

WHEREAS, such reserves policies will be most readily communicated and understood if they are consolidated and formally adopted in a single document; and

WHEREAS, staff has presented and Council has reviewed the proposed reserves policies in a Council Work session on October 17, 1995; and

WHEREAS, the Council has considered the proposed reserves policies at a regular Council meeting on November 14, 1995;

NOW, THEREFORE BE IT RESOLVED, by the Council of the City of Santa Barbara that the following reserves policies are adopted:

1. In combination, the Reserves for Economic Contingency/Emergency and Reserves for Future Year Budgets/Fund Balance (by fund) will be funded to a goal level of 25% of the annual operating budget of the respective fund.

2. APPROPRIATED RESERVES

An Appropriated Reserve will be included in each operating fund's adopted budget to provide for unanticipated expenditures or to meet unexpected small increases in service delivery costs within the fiscal year. This reserve will be budgeted up to one-half of one percent of the operating budget and any unused portion will be returned to fund balance at the end of the fiscal year.

3. RESERVE FOR CAPITAL

Each operating fund will establish a Capital Reserve funded to at least 5% of the value of its capital assets. In the alternative, the amount may be established at an amount equal to the average of the adopted capital program budgets for the

previous three years. The goal for the General Fund Capital Reserve shall be set at least \$1 million. Appropriations from these reserves will be to fund major capital costs.

4. RESERVE FOR ECONOMIC CONTINGENCY/EMERGENCIES

For each operating fund there will a reserve equal to 15% of its annual operating budget for the purpose of coping with emergencies. It may take more than one year to meet the 15% goal if these emergency reserves do not presently meet the 15% goal.

5. RESERVE FOR FUTURE YEAR BUDGETS/FUND BALANCE

Each operating fund will establish and maintain a reserve equal to 10% of its annual operating budget for the purpose of providing for unique one-time costs and for maintenance of City services and permit orderly budget adjustments during periods of reductions. Appropriation of these reserves to operating budgets should, when feasible, be accompanied by a plan for replenishment within a reasonable period of time.

6. FUNDING OF RESERVES

Funding will come generally from one-time revenues, excess fund balance and projected revenues in excess of projected expenditures. They will generally be reserved in the following priority order:

- Reserve for Economic Contingency/Emergencies
- Reserve for Capital
- Reserve for Future Years Budgets

However, flexibility will be retained to allocate available funds among the reserves based on the current circumstances and needs of the City's various operating funds.

7. Appropriation or use of funds from any of these reserves will require Council action.

CITY OF SANTA BARBARA

**ORDINANCE COMMITTEE**

MEETING AGENDA

DATE: March 3, 2009  
TIME: 12:30 p.m.  
PLACE: Council Chambers

Das Williams, Chair  
Dale Francisco  
Grant House

Office of the City  
Administrator

Office of the City  
Attorney

Nina Johnson  
Assistant to the City Administrator

Stephen P. Wiley  
City Attorney

**ITEM FOR CONSIDERATION**

**Subject: Alternative Building Heights Charter Amendment**

Recommendation: That the Ordinance Committee review and make a recommendation to Council on draft charter language amending City Charter Section 1506 with regard to changing the City Charter's 60-foot building height allowance for certain commercial zones.



# **CITY OF SANTA BARBARA**

## **ORDINANCE COMMITTEE AGENDA REPORT**

**AGENDA DATE:** March 3, 2009

**TO:** Ordinance Committee

**FROM:** Planning Division, Community Development Department

**SUBJECT:** Alternative Building Heights Charter Amendment

### **RECOMMENDATION:**

That the Ordinance Committee review and make a recommendation to Council on draft charter language amending City Charter Section 1506 with regard to changing the City Charter's 60-foot building height allowance for certain commercial zones.

### **EXECUTIVE SUMMARY:**

The prospect of placing an alternative building height charter amendment on the November ballot was most recently discussed at the joint meeting of the City Council and Planning Commission on February 5, 2009. After hearing input from the Architectural Board of Review, Historic Landmarks Commission, Planning Commission, and members of the public, it was decided to continue the discussion at the Ordinance Committee.

The purpose of meeting with the Ordinance Committee is to:

- Review the approach of a possible supplemental charter measure that voters could approve, should the Save El Pueblo Viejo (SEPV) measure pass;
- Discuss the provisions that could be included in the measure and companion ordinance to be adopted by the City Council;
- Consider amendment to the building height definition; and
- Make a recommendation to Council.

Previous discussions with the Ordinance Committee included a new 5' variable setback for buildings in the C-2 and C-M zones. Based on recent direction from design boards Planning Commission and Council, the new setback standard will be processed separately as an independent ordinance amendment and not as part of the subject building heights charter amendment.

## **DISCUSSION:**

### **I. Charter Section 1506 Language**

Below is the charter language on building heights as it exists today and as recommended by the citizen initiative known as Save El Pueblo Viejo (SEPV). With Ordinance Committee direction, staff could continue work on an alternative Charter Amendment as well. However, a suggestion was made by Commissioner Lodge at the Joint City Council/Planning Commission meeting to consider having a supplement to the SEPV language that an exception to the 40/45 foot height be allowed for Community Priority Projects, affordable housing or rental projects. Although there was not much discussion of this concept because it came up late in the meeting, staff believes it has merit and should be further considered as described below.

#### **A. Existing Building Heights Charter Language (Charter Section 1506)**

Charter of the City of Santa Barbara - Section 1506 – Building Heights. Limitations

*It is hereby declared the policy of the City that high buildings are inimical to the basic residential and historical character of the City. Building heights are limited to 30 feet in areas zoned for single-family and two-family residences; are limited to 45 feet in areas zoned for residences for three (3) or more families, for hotel, motel and office use; are limited to 60 feet in areas zoned for industrial, manufacturing and other commercial uses; and 30 feet for all other zones. The Council may, by ordinance, set limits of heights less than these maximums. The Council may, by ordinance, set up reasonable methods of measuring the heights set forth in this section. (Approved by election held November 7, 1972)*

#### **B. Save El Pueblo Viejo Charter Language Amendment**

Amend Section 1506 as follows: “It is hereby declared the policy of the City that high buildings are inimical to the basic residential and historical character of the City. Therefore, building heights are limited to 30 feet in areas zoned for single-family and two-family residences; and building heights in areas zoned for residences for three (3) or more families and all other building heights shall be limited to 45 feet except in the El Pueblo Viejo Landmark District where building heights shall be limited to 40 feet. The Council may, by ordinance, set limits of heights less than these maximums. The Council may, by ordinance, set up reasonable methods of measuring the heights set forth in this section.”

#### **C. Supplemental Charter Measure Should SEPV Height Measure Pass**

Should the SEPV Charter Measure pass, staff believes that there is support by some Planning Commission and Council Members and the public allowing Community Priority Projects to exceed the 40 and 45 foot height under circumstances discussed below. At this time, city staff would like the Ordinance Committee to discuss recommendation of the drafted supplemental charter measure that could follow the SEPV Charter Amendment on the ballot.



The City Council's Proposed Charter Section 1506 "Supplemental Amendment" could read as follows:

The City Council may, by ordinance, establish a special use permit process to supplement the November 2009 voter approved amendment to this Charter section 1506 in order to allow a building of up to sixty (60) feet (or height TDB) in height within those areas of the City zoned for commercial, retail, and industrial uses so long as the building is intended to provide for a Community Priority project (as defined by the City Council ordinance) or to provide for a building project containing residential units with at least thirty percent (30%), fifty percent (50%) or %TBD of the units permanently restricted for ownership or occupancy by families qualifying as Middle Income households or lesser incomes under the City's established Affordable Housing Policies and Procedures or provides permanent rental housing that could not be converted to condominiums. This Charter Amendment shall only take effect if an amendment to City Charter Section 1506 further limiting the heights of buildings within the City is approved by the voters of the City at the General Municipal Election of November 3, 2009.

## **II. Community Priority Projects**

A decision needs to be made as to whether the existing definition is supported for the exceptions to height or whether it needs to be more limited. There is also a need to consider new criteria for projects proposing to exceed the established height limit because they provide a community benefit.

### **A. Existing Definition of Community Priority Projects**

Community Priority Projects are defined in Charter Section 1508 and the Municipal Code as those which are found by the City Council as necessary to meet present or projected needs directly related to public health, safety or general welfare.

A "general welfare project" is also defined in the Municipal Code as a project which has a broad public benefit (for example museums, childcare facilities, or community centers) and which is not principally operated for profit.

Staff supports using this definition of Community Priority Projects. It has been used for close to twenty years under the provisions of the commercial growth control Measure E Charter Amendment. With the public scrutiny and approval required by the City Council, staff feels it would be an appropriate definition to use for building height as well.

### **B. Additional Provisions to Define a Community Priority Project**

A Community Priority Project for purposes of exceeding building height could also include the following components:

1. Percentage Affordable to Middle Income or Less

Discussions on this provision have included applying to projects of 10 or more units; applying a 30% affordability criteria; and considering allowing projects that meet the upper middle income ranges to be included in Community Priority Projects. Planning Commissioners have also expressed the importance of not exacerbating the “jobs/housing imbalance” created by the market-priced units.

The City, in PlanSB, has initiated an economic study to address issues of job creation as a result of market housing development and effects on affordable housing ranges. While there is support for projects where 30% of the units are affordable to middle-income or lower-income households (households earning 160% or less of the Area Median Income), some believe that is not enough to help in the jobs housing imbalance concern or for purposes of exceeding a new building height limit. And, while others may support 50% or more of the units being affordable because this type of project may be more of a community benefit in order to exceed the building height, it may not be feasible from an economic standpoint. At this point, it is more of a policy decision of what specific percentage of affordability is put in the charter. Voters would be clear on what they are voting for if a percentage is included in the charter. However, the percentage cannot be easily amended as economic conditions change.

In addition, staff recommends the affordability apply to any project requesting an exception to building height (not only projects of 10 or more). The concern has been that we want to discourage the smaller projects to have very large penthouse type units with only a couple affordable units.

2. Dedicated Rental Units

There is no consensus on whether projects that provide rental housing should be affordable to be considered as an exception to allow a building height in excess of 40/45 feet. Some Planning Commissioners felt that to be a community benefit, the project must have affordable rental units. In terms of specifying an amount of the project floor area that must be rental (e.g., in a mixed-use project), the only idea discussed was a possible standard that 50% of the building contain rental units. We are requesting direction from the Ordinance Committee on this issue for inclusion in the companion ordinance.

C. Current Process for Community Priority Projects

Currently, Council Resolution 99-036 establishes the administrative procedures for processing a Community Priority Project. With the application, the applicant must include a Needs Assessment providing staff and the Council with information necessary to make the finding that the proposed project meets a “present or projected need directly related to public health, safety or general welfare.” The City Council then makes a

preliminary and non-binding identification of community priority status for the project which allows the project to continue through the planning process. Whether the project requires Planning Commission approval or not, the Planning Commission is the body required to make a recommendation to the Council for a Final Designation as a Community Priority Project. Staff expects that a similar Council Resolution specific to allowing projects to exceed the established building height will be required to implement this potential charter amendment.

D. Draft Provisions of Future Ordinance for Projects Exceeding 40/45 Feet in Height

The following are implementation details to be included in an ordinance that would carry out the supplemental charter amendment.

1. The City Council could grant a special use permit (SUP) for a building containing a “Community Priority” Affordable Housing, and/or rental housing.
2. The companion City Council ordinance would define “Community Priority” for the purposes of Charter Section 1506 as follows:  
  
“A Community Priority project is one which has a broad public benefit (for example: museums, child care facilities, or community centers) and which is not operated for private profit.” [*i.e., the existing definition at SBMC Section 28.87.300(B) (6)*]
3. The companion ordinance would not create any new definitions of “Affordable Housing” and would only reference the existing City Affordable Housing Policies and Procedures.
4. The companion ordinance would establish a process similar to the existing Measure E “Community Priority” designation process, i.e., it would involve a preliminary and final designation by the City Council.
5. The companion ordinance would provide for a similar process for designating rental projects or an “affordable” project which may exceed the 40-foot height limitation – that is, the Council would issue a determination that a project was affordable and that it qualified for an exemption to the Charter Section 1506 height limitation of 40 or 45 feet.
6. A concept design review from either ABR or HLC (depending on the location) would be required to provide the City Council with a recommendation on the preliminary determination.
7. The companion ordinance would provide that an exemption to the Charter height limitation could not be obtained for specially zoned areas – Upper State Street zoned SD-2, and for the Coastal Zone,

SD-3, where a 45-foot height limit is the current zoned maximum height, i.e., the same zoned height restrictions as those which currently exist will be expressly continued in the Council's companion ordinance.

8. A draft of the companion ordinance would accompany the voter materials and will have been adopted by the Council prior to the election but will expressly state that it will not take effect unless and until the voters approve the SEPV Charter Section 1506 amendments. As an ordinance adopted by Council, it could be subsequently amended only with a super majority (five affirmative votes) of the City Council.

E. Additional Findings/Criteria for Community Priority Projects

The Ordinance Committee had requested that the Planning Commission suggest possible criteria that the Council could use in deeming the project a Community Priority Project for purpose of exception to the building height (this would be in addition to II. A. and II. B above and any findings required of the project application):

1. Substantial Open Space

That the project provides substantial open space on the site. The ABR and HLC agreed that any project to be considered for an exception to building height should also provide more open space on the site. The boards felt that the location and amount should remain flexible depending on the use and configuration of the site (this is separate and distinct from the variable 5-foot front yard setback that will be processed as a separate ordinance amendment for all projects in the C-2 and C-M zones.)

2. Quality Architecture and Design

ABR members felt that strong architectural design is as important a community benefit as the affordable and rental housing being considered. All of these projects with non-residential, multiple units, or mixed use would require either ABR or HLC review, so architectural/design review of the architecture as well as landscaping will require design approval. A finding of exemplary architectural quality could be built into the concept review by ABR/HLC for those buildings greater than the established height limit. Staff requests Ordinance Committee input on this.

**III. Building Heights Definition (SBMC Section 28.04.120)**

The current definition of building heights is as follows:

*The maximum vertical height of a building or structure at all points measured from natural or finished grade, whichever is lower. Architectural elements that do not add floor area to a building, such as chimneys, vents, antennae, and towers,*

*are not considered a part of the height of a building, but all portions of the roof are included.*

The definition includes all roof areas up to the ridge line, and there are exemptions for architectural elements such as towers. The ground level from which the height is measured is currently the lower of either the existing grade or new finished grade. This definition was discussed extensively in the Neighborhood Preservation Ordinance Update and it works very well for residential developments, both infill and in the hillside areas. However, it does not work well for commercial and mixed use properties in the commercial areas where there are sloping sights, and flood control standards as well as preference for sloped roofs.

Staff recommends changing the definition to recognize grade changes due to the topography of the downtown and flood control standards and to allow 3-story buildings with sloped roofs within 40 feet. The measuring point could reference the Base Flood Elevation (BFE) for projects located within a Flood Plain. However, this is an ordinance change that is not required prior to Council action on a Charter Amendment. With timing concerns for placing a Charter Amendment on the ballot, staff would recommend that modifications to the building height definition occur after Council action on a Charter provision.

#### **IV. Ordinance Committee Input and Recommendations:**

The following are key issues and questions that City staff is looking for direction from the Ordinance Committee before returning to the City Council on March 24, 2009.

- A. Should an increase to the proposed 40/45 SEPV recommended height limit be allowed for Community Priority projects as discussed above?
- B. Does the Committee support the approach of a supplemental charter amendment to the SEPV Charter Amendment instead of an alternative charter amendment?
- C. If so, does the Committee agree with staff recommendation to use the existing definition of Community Priority Projects for those that exceed the height limit?
- D. Does the Committee agree that there should be a 30% percent threshold for affordability in order to be considered a community priority project and that it be applied to all projects that exceed the base height?
- E. Should there be a minimum building area requirement occupied by rental units in order to exceed the base height? Should rental units have affordability restrictions or can they be market rental to exceed the height?
- F. Does the Committee recommend that open space and quality architecture findings be made as part of the Community Priority process?

- G. Does the Committee agree that the definition of building height be amended for the commercial zones to allow for sloped sites, flood control standards and sloped roofs?

**NEXT STEPS:**

1. Council Action to Initiate Environmental Review – Once the draft language of the Charter Amendment and Ordinance have been reviewed by the Ordinance Committee, the matter would be brought before the full Council for initiation. This needs to occur by March 24, 2009 in order to allow adequate time for the items outlined below and meet the deadline for placing a measure on the November 2009 ballot.
2. Environmental Review - Staff would complete environmental review under CEQA and work with the City Attorney's office on the draft companion ordinance.
3. Planning Commission Review - The Planning Commission would have public comment on the environmental document and make a recommendation to Council on the key components of the charter amendment and draft companion ordinance.
4. Council Hearing - Adoption of Environmental Review (assuming the project is a Negative or Mitigated Negative Declaration), approval of final language for charter amendment, and introduction of companion ordinance.
5. Council – Adoption of ordinance that would implement charter amendment provisions should the charter amendment pass.
6. Final charter language due to City Clerk by June 16, 2009
7. Election, November 10, 2009

**PREPARED BY:** Beatriz E. Gularte, Project Planner  
Bettie Weiss, City Planner

**SUBMITTED BY:** Paul Casey, Community Development Director

**APPROVED BY:** City Administrator's Office



## PROCLAMATION

**Arbor Day**  
**March 7, 2009**

**WHEREAS**, Arbor Day Observances will be held in California during the week of March 7<sup>th</sup>, 2009; and

**WHEREAS**, the City of Santa Barbara has been designated a "Tree City USA" for 29 years by the National Arbor Day Foundation; and

**WHEREAS**, the City of Santa Barbara is proud of its approximately 50,000 public open space, park, and street trees and recognizes the importance of professional tree care and annual tree planting programs that create a more livable community; and

**WHEREAS**, Arbor Day observances will be held at seven local grade school campuses; and

**WHEREAS**, this spring, Santa Barbara is celebrating 107 years of City Parks, providing stewardship of trees, parks, and open space; and

**WHEREAS**, the City acknowledges Santa Barbara Beautiful's significant contribution to our urban forest through the planting of over 11,000 street trees in the past 43 years.

**NOW, THEREFORE, I, MARTY BLUM**, by virtue of the authority vested in me as Mayor of the City of Santa Barbara, California, do hereby proclaim March 7, 2009 as **ARBOR DAY** in the City of Santa Barbara and recognize the value that trees provide in enhancing the quality of our lives.

**IN WITNESS WHEREOF**, I have hereunto set my hand and caused the Official Seal of the City of Santa Barbara, California, to be affixed this 3<sup>rd</sup> day of March, 2009.

**MARTY BLUM, MAYOR**





Agenda Item No. \_\_\_\_\_

File Code No. 410.01

# **CITY OF SANTA BARBARA**

## **COUNCIL AGENDA REPORT**

**AGENDA DATE:** March 3, 2009  
**TO:** Mayor and Councilmembers  
**FROM:** City Administrator's Office  
**SUBJECT:** Employee Recognition – Service Award Pins

### **RECOMMENDATION:**

That Council authorize the City Administrator to express the City's appreciation to employees who are eligible to receive service award pins for their years of service through March 31, 2009.

### **DISCUSSION:**

Since 1980, the City Employees' Recognition Program has recognized length of City Service. Service award pins are presented to employees for every five years of service. Those employees achieving 25 years of service or more are eligible to receive their pins in front of the City Council.

Attached is a list of those employees who will be awarded pins for their service through March 31, 2009.

**ATTACHMENT:** March 2009 Service Awards  
**SUBMITTED BY:** Marcelo A. López, Administrative Services Director  
**APPROVED BY:** City Administrator's Office



**MARCH 2009 SERVICE AWARDS**

March 3, 2009, Council Meeting

**5 YEARS**

Sarah Knecht, Assistant City Attorney, City Attorney  
Allison De Busk, Project Planner, Community Development  
Brady Beck, Firefighter, Fire  
Eric Fairbank, Firefighter, Fire  
William Kavanaugh, Firefighter, Fire  
George Martinez, Fire Engineer, Fire  
Brian Ricci, Firefighter, Fire  
Dennis Diaz, Senior Network/Application Analyst, Police  
Christopher Payne, Police Officer, Police

**10 YEARS**

Maryanne Knight, Computer Training Coordinator, Administrative Services  
Geoffrey Lancaster, Senior Building Inspector, Community Development  
Adam Ziets, Engineering Technician, Public Works  
Frank Cruz, Senior Streets Maintenance Worker, Public Works

**20 YEARS**

Martha Shute, Accounting Assistant, Finance  
Susan Reardon, Senior Planner, Community Development  
Gina Sunseri, Fire Inspector, Fire  
Scott Naganuma, Police Officer, Police  
Erik Engebretson, Harbor Patrol Officer

**30 YEARS**

Pauline Reyes, Accounting Assistant, Public Works



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 3, 2009

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Parks and Recreation Department

**SUBJECT:** Parma Trust Funds In The Amount Of \$85,000 For Maintenance And Restoration Of Parma Park

### **RECOMMENDATION:**

That Council increase appropriations and estimated revenues by \$85,000 in the Fiscal Year 2009 Parks and Recreation Department Miscellaneous Grants Fund for maintenance work at Parma Park.

### **DISCUSSION:**

#### Background

Harold Parma, along with his family, deeded Parma Park to the City of Santa Barbara in November 1973. The Parma Trust, established in 2000, includes funds for the preservation and maintenance of Parma Park. Each year the Parks and Recreation Department prepares a maintenance work plan for review and approval by the Parma Trustee. Funding for the plan is provided on an annual basis.

The Parks and Recreation Department developed a 2-year work plan for Fiscal Years 2008 and 2009 in October 2007. The Parma Trustee reviewed the 2-year work plan and approved an initial \$100,000 for Fiscal Year 2008. These funds were appropriated by Council in March 2008. Funds that are left unspent at the end of the fiscal year remain appropriated for future expenditures. The Department provides the Parma Park Trustee with an annual accounting of all expenditures.

#### Fiscal Year 2009 Parma Park Work Plan

As a result of the November 2008 Tea Fire, the Department and the Parma Park Trustee developed a revised work plan that is focused on the rehabilitation and restoration of the park. The work plan includes tasks such as trail restoration, erosion control, trail and creek debris clearance, exotic invasive plant management, habitat

restoration, and restoration of the olive grove, among others. The \$85,000 provided by the Trustee will be used to fund this work.

The Department is also working with the Federal Emergency Management Agency to secure funding for the immediate emergency response and safety actions taken in the aftermath of the fire as well as removal of the remaining safety and hazard concerns in the park (such as hazardous trees and barbed wire fencing.)

**BUDGET/FINANCIAL INFORMATION:**

The \$85,000 provided by the Trustee for this work will be combined with the previously appropriated \$107,639, for a total of \$192,639, to be used to maintain and restore Parma Park.

**SUSTAINABILITY IMPACT:**

Located within the upper Sycamore Creek Watershed, Parma Park provides 200 acres of undeveloped open space for passive outdoor recreation benefits. Preservation and enhancement of Parma Park protects community natural resources.

**PREPARED BY:** Jill E. Zachary, Assistant Parks and Recreation Director

**SUBMITTED BY:** Nancy L. Rapp, Parks and Recreation Director

**APPROVED BY:** City Administrator's Office



## **CITY OF SANTA BARBARA**

### **COUNCIL AGENDA REPORT**

**AGENDA DATE:** March 3, 2009

**TO:** Mayor and Councilmembers

**FROM:** Engineering Division, Public Works Department

**SUBJECT:** Caltrans Reimbursement Agreement For State Route 192 Utility Relocations

**RECOMMENDATION:** That Council:

- A. Authorize the Public Works Director to execute Utility Agreement No. 05-UT-1015.703 with the California Department of Transportation (Caltrans), District 5, for the relocation of City water line facilities; and
- B. Authorize the General Services Manager to issue a purchase order to Caltrans in the amount of \$80,950 for reimbursement of the cost of relocating City water line facilities on Highway 192.

#### **DISCUSSION:**

The Caltrans State Route 192 Highway Improvement Project (Project) includes constructing a storm drain to replace surface drainage along the northerly and southerly shoulders between Alamar Avenue and Mission Canyon Road. All work is in the County's jurisdiction. However, City water line facilities are in conflict with the proposed drainage improvements and need to be relocated as part of the Project. Since State Route 192 right of way preceded installation of the City's water utilities in this area, the City is required, under the easement agreement, to pay for all costs associated with the water line facility relocation. City staff and Caltrans have collaborated on a design for relocation of the water line facilities with an estimated construction cost of \$80,950. Caltrans is anticipating starting construction in April 2009. They will hire the contractor to relocate the facilities, as outlined in the Utility Agreement. Reimbursement to Caltrans for construction-related costs would be executed with a purchase order upon completion of construction and acceptance of the relocated water line facilities.

#### **BUDGET/FINANCIAL INFORMATION:**

Funds for relocation of water line facilities for the Project are available in the Water Capital Fund.

**PREPARED BY:** Joshua Haggmark, Principal Civil Engineer/LC/sk

**SUBMITTED BY:** Christine F. Andersen, Public Works Director

**APPROVED BY:** City Administrator's Office



# **CITY OF SANTA BARBARA**

## **COUNCIL AGENDA REPORT**

**AGENDA DATE:** March 3, 2009  
**TO:** Mayor and Councilmembers  
**FROM:** Accounting Division, Finance Department  
**SUBJECT:** Fiscal Year 2009 Mid-Year Review

**RECOMMENDATION:** That Council:

- A. Hear a report from staff on the status of revenues and expenditures in relation to budget as of December 31, 2008;
- B. Accept the Fiscal Year 2009 Interim Financial Statements for the Six Months Ended December 31, 2008; and
- C. Approve the adjustments to appropriations and estimated revenues as shown in the Schedule of Recommended Mid-Year Budget Adjustments.

**EXECUTIVE SUMMARY:**

Each month, staff presents the interim financial statements (Attachment 1) showing the progress of revenues and expenditures in relation to budget for each of the City's Funds. Each quarter, the interim financial statements are expanded to include a detailed narrative analysis of the General Fund and Enterprise Funds. This narrative analysis is included in the attached interim financial statements (Attachment 2).

In addition to the mid-year budget analysis, staff brings forward any recommended adjustments for Council approval. These adjustments are the result of new information and/or unanticipated events that occurred since the adoption of the budget in June 2008. These adjustments are summarized in Attachment 3.

As a result of the impacts on key General Fund revenues beginning in fiscal year 2008, the fiscal year 2009 adopted budget included a combination of one-time revenues and cuts in expenditures to offset a \$4.5 million projected deficit. However, the economic downturn became an economic crisis of historical proportions that has further deteriorated revenues. As a result, our latest projections indicate a shortfall of approximately \$6.7 million.

Staff has developed a strategy to offset the projected \$6.7 million deficit that is designed to avoid any further use of reserves, which are now well below the targeted levels. The strategy includes the use of approximately \$3.2 million in one-time resource/measures,

as well as asking departments to significantly cut back in spending to achieve savings by year end of between \$3 million to \$3.5 million.

## **DISCUSSION:**

### **Balancing Strategy to Address Current Year Projected Deficits**

While the economic environment has deteriorated quickly over the last 6 months, there is still considerable uncertainty surrounding the next 6-18 months as to whether conditions will continue to worsen or improve. As such, our projections for not only this year, but next fiscal year, are in flux as new financial data trickles in. Therefore, we will need to closely monitor the revenues for any new developments or information that will help us refine our current year estimates.

At this point, we have developed a strategy based on a projected deficit of approximately \$6.7 million; however, as suggested above, this could grow based on the actual revenues realized over the second half of the year.

The \$6.7 million deficit is the result of the following items:

Shortfall in Tax and Non-Dept'l Revenues	\$2,397,232
Shortfall in Departmental Fees and Charges	1,450,000
Unrealized Anticipated Year-End Variances	2,420,494
Unbudgeted Leave Cash-Out – Retirees	<u>400,000</u>
Total	<u><u>\$6,667,726</u></u>

Attachment 4 provides a more detailed listing of these items, as well as a listing of the proposed measures designed to offset the projected deficit. The proposed measures are discussed below.

#### Departmental Savings

Each General Fund department has been asked to curtail spending to achieve overall expenditure savings in relation to budget of between \$3 million and \$3.5 million. Public safety (Police and Fire) were allocated a smaller proportion of the targeted savings as compared with other departments.

Primarily as a result of staff vacancies from turnover and retirements, expenditures typically end the year between \$1.5 million to \$2 million under budget. Thus, departments have been asked to generate up to \$2 million in additional savings above normal.

### Appropriated Reserves

The adopted budget includes \$700,000 in an appropriated reserves created specifically to provide funds to help offset a portion of any further deterioration in City revenues. These funds will go unspent, adding to the overall expenditure saving targeted for year end.

### Workers' Compensation Reserves

The Self Insurance Fund maintains reserves in accordance with actuarial evaluations of the City's outstanding claims under the workers' compensation program. Over the last several years, accumulated funds have grown beyond the actuarially determined levels due to a combination of reduced workplace injuries and changes in State law. We are recommending using the General Fund's portion of these excess reserve balances, totaling \$1 million, as a one-time measure to help close the current year projected deficit.

### Internal Service Fund Rebates

A number of City operations are established for the sole purpose of providing services to other City operations. These operations are accounted for in separate "internal service" funds, which include (1) the Intra-City Services Fund, providing vehicle maintenance and replacement, building maintenance and replacement, custodial and communications services; (2) the Information Systems Fund, which accounts for services for both financial management and desktop computer systems; and (3) the Self-Insurance Fund.

Except for the Self-Insurance Fund, charges from the internal service fund programs were reduced by 3%, providing a one-time "rebate" to the General Fund of \$243,373.

### Street Sweeping Fund Reserves

The Streets Sweeping Fund was created several years ago to account for the costs associated with the Street Sweeping Program that has now expanded to cover all planned sections of the City. The Program is primarily funded from parking citations issued to those failing to comply with the no-parking restrictions during the days when the streets are swept. In total, revenues have exceeded operating costs over the last several years as the program has evolved. As a result, the Fund has accumulated reserves of \$1 million. The General Fund balancing strategy includes using \$500,000 from these accumulated reserves as a one-time measure this year.



Capital Program Adjustments (\$725,000)

Based in a review of the current year General Fund capital program, several projects have been identified that either (1) have been completed and have remaining unspent appropriations, (2) can be postponed, or (3) can be reduced based on a more recent assessment of needed funding. The key projects include the following:

1. Financial Management System Replacement (\$425,000) – This project will be delayed until fiscal year 2011. While the FMS is on its last legs, we anticipate that it will still meet the needs of the City for the next several years.
2. Annual Playground Replacement Program (\$174,810) – This annual program funds the replacement of two playgrounds per year to keep the 22 playgrounds current with state codes. Funds were carried forward from the prior year to augment the current year funding of \$283,500 which was to be used to replace Westside, Escondido and 1-2 additional playgrounds this year (Sunflower Park and the Eastside Neighborhood Park). Based on the funding anticipated in fiscal year 2010, these additional replacements can be postponed.
3. Hale Park Dog Fence (\$70,000) – This project is mitigation for designation of Hale Park as a dog off-leash park as part of the Douglas Family Preserve Management Plan. This project has been funded for 5 years with no activity, and can therefore be delayed with no impact.
4. Kid's World refurbishment (\$57,000) – The current facility is in good condition and the Parks & Recreation Department budget includes funds for annual maintenance. Much of the project cost will be dependent upon fundraising, which could be challenging given the current economic climate; therefore, this project is a good candidate for postponement.

As appropriate, the adjustments to both estimated revenues and appropriations based on the discussion above are contained in Attachment 1 to this report. Other recommended adjustments that are not part of the balancing proposal are discussed below.

## **Recommended Mid-Year Budget Adjustments**

### **General Fund**

**The Fire Department** has responded to many calls to provide mutual aid assistance to locations throughout California. The cost of providing these services is reimbursed to the City under mutual aid agreements, which reimburse overtime and related benefit costs, use of vehicles at a per diem rate, and overhead. Staff estimates that the City will receive \$2,163,678 in revenue from mutual aid reimbursements in fiscal year 2009. Staff is requesting additional appropriations of \$755,359 for salaries to be funded from the unanticipated revenue that will be received this fiscal year. Staff is also recommending that budgeted revenues from mutual aid reimbursements be increased by an additional \$250,000 and that capital expenditures be reduced by \$131,836 to meet the Fire Department's share of General Funds' \$3 - \$3.5 million expenditure reductions.

### **Other Funds**

The **Water Fund** staff is requesting \$500,000 additional appropriations to pay for additional water treatment costs as a result of the Zaca Fire. These appropriations will be funded from Water Fund reserves.

The **Wastewater Fund** staff is requesting a \$350,000 increase in appropriations for the Sewer Lateral Rebate program. This increase will be funded by a transfer from the Wastewater Capital Fund.

The **Wastewater Capital Fund** is requesting a \$350,000 reduction in appropriations for the Sewer Overflow Compliance program and \$350,000 increased appropriations for transfers out to the Wastewater Fund.

The **Information Systems Capital Fund (IS Capital Fund)** staff is requesting \$168,888 additional appropriations for the current year portion of the City's Infrastructure Upgrade project. The additional appropriations will be funded from a \$55,000 transfer from the Information Systems Operating Fund, \$33,333 transfer from the City Hall Allocation Fund, and an \$80,555 reduction in the GIS Capital Project already budgeted in the IS Capital Fund.

**Information Systems Operating Fund** staff is requesting a \$55,000 increase in appropriations for capital transfers to the IS Capital Fund. The increased appropriations will be funded from IS Operating Fund reserves.

Staff requests that **City Hall Allocation Fund** appropriations be increased \$33,333 for capital transfers to the IS Capital Fund. The increased appropriations will be funded from City Hall Allocation Fund reserves.

- ATTACHMENTS:**
1. Summary by Fund Statement of Revenues and Expenditures for the Six Months Ended December 31, 2008
  2. Interim Financial Statements for the Six Months Ended December 31, 2008 (Narrative Analysis)
  3. Schedule of Recommended Mid-Year Budget Adjustments
  4. Summary of Recommended Balancing Strategy

**PREPARED BY:** Rudolf J. Livingston, Accounting Manager

**SUBMITTED BY:** Robert D. Peirson, Finance Director

**APPROVED BY:** City Administrator's Office

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenditures**  
**Summary by Fund**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
<b>GENERAL FUND</b>					
Revenue	109,312,615	49,167,362	-	60,145,252	45.0%
Expenditures	110,522,415	56,691,061	1,804,286	52,027,068	52.9%
<i>Addition to / (use of) reserves</i>	<u>(1,209,800)</u>	<u>(7,523,698)</u>	<u>(1,804,286)</u>		
<b>WATER OPERATING FUND</b>					
Revenue	32,593,646	18,819,047	-	13,774,599	57.7%
Expenditures	35,793,013	16,930,522	2,265,013	16,597,478	53.6%
<i>Addition to / (use of) reserves</i>	<u>(3,199,367)</u>	<u>1,888,525</u>	<u>(2,265,013)</u>		
<b>WASTEWATER OPERATING FUND</b>					
Revenue	14,625,942	7,531,070	-	7,094,872	51.5%
Expenditures	15,056,773	6,762,451	1,208,476	7,085,846	52.9%
<i>Addition to / (use of) reserves</i>	<u>(430,831)</u>	<u>768,618</u>	<u>(1,208,476)</u>		
<b>DOWNTOWN PARKING</b>					
Revenue	7,464,980	3,429,033	-	4,035,947	45.9%
Expenditures	9,624,437	3,915,465	1,831,763	3,877,209	59.7%
<i>Addition to / (use of) reserves</i>	<u>(2,159,457)</u>	<u>(486,432)</u>	<u>(1,831,763)</u>		
<b>AIRPORT OPERATING FUND</b>					
Revenue	12,892,002	6,857,433	-	6,034,569	53.2%
Expenditures	15,006,609	7,031,404	745,421	7,229,785	51.8%
<i>Addition to / (use of) reserves</i>	<u>(2,114,607)</u>	<u>(173,972)</u>	<u>(745,421)</u>		
<b>GOLF COURSE FUND</b>					
Revenue	2,695,570	1,142,670	-	1,552,900	42.4%
Expenditures	3,349,846	1,710,761	249,453	1,389,632	58.5%
<i>Addition to / (use of) reserves</i>	<u>(654,276)</u>	<u>(568,091)</u>	<u>(249,453)</u>		
<b>INTRA-CITY SERVICE FUND</b>					
Revenue	8,540,480	4,045,986	-	4,494,494	47.4%
Expenditures	9,063,140	3,974,424	934,423	4,154,293	54.2%
<i>Addition to / (use of) reserves</i>	<u>(522,660)</u>	<u>71,562</u>	<u>(934,423)</u>		

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenditures**  
**Summary by Fund**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
<b>ICS EQUIPMENT REPLACEMENT FUND</b>					
Revenue	2,347,673	1,260,763	-	1,086,910	53.7%
Expenditures	3,941,790	903,879	1,006,466	2,031,446	48.5%
<i>Addition to / (use of) reserves</i>	<u>(1,594,117)</u>	<u>356,884</u>	<u>(1,006,466)</u>		
<b>SELF INSURANCE TRUST FUND</b>					
Revenue	5,958,769	4,021,026	-	1,937,743	67.5%
Expenditures	8,062,830	4,010,656	417,904	3,634,270	54.9%
<i>Addition to / (use of) reserves</i>	<u>(2,104,061)</u>	<u>10,370</u>	<u>(417,904)</u>		
<b>INFORMATION SYSTEMS ICS FUND</b>					
Revenue	2,546,684	1,296,374	-	1,250,310	50.9%
Expenditures	2,760,082	1,145,177	321,631	1,293,273	53.1%
<i>Addition to / (use of) reserves</i>	<u>(213,398)</u>	<u>151,197</u>	<u>(321,631)</u>		
<b>WATERFRONT FUND</b>					
Revenue	11,548,876	5,960,733	-	5,588,143	51.6%
Expenditures	12,168,847	6,053,868	647,666	5,467,313	55.1%
<i>Addition to / (use of) reserves</i>	<u>(619,971)</u>	<u>(93,135)</u>	<u>(647,666)</u>		
<b>TOTAL FOR ALL FUNDS</b>					
Revenue	210,527,237	103,531,497	-	106,995,740	49.2%
Expenditures	225,349,782	109,129,667	11,432,502	104,787,613	53.5%
<i>Addition to / (use of) reserves</i>	<u>(14,822,545)</u>	<u>(5,598,170)</u>	<u>(11,432,502)</u>		

**\*\* It is City policy to adopt a balanced budget. In most cases, encumbrance balances exist at year-end. These encumbrance balances are obligations of each fund and must be reported at the beginning of each fiscal year. In addition, a corresponding appropriations entry must be made in order to accommodate the 'carried-over' encumbrance amount. Most differences between budgeted annual revenues and expenses are due to these encumbrance carryovers.**

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Budgeted and Actual Revenues**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Remaining Balance</u>	<u>Percent Received</u>	<u>Previous YTD</u>
<b>TAXES</b>					
Sales and Use	20,759,000	7,603,457	13,155,543	36.6%	8,034,799
Property Taxes	23,306,000	8,590,431	14,715,569	36.9%	8,358,056
Utility Users Tax	6,966,000	3,509,286	3,456,714	50.4%	3,347,604
Transient Occupancy Tax	13,334,000	7,737,272	5,596,728	58.0%	7,664,159
Franchise Fees	2,995,400	1,463,071	1,532,329	48.8%	1,320,438
Business License	2,258,500	982,866	1,275,634	43.5%	889,604
Real Property Transfer Tax	500,000	166,796	333,204	33.4%	296,310
<i>Total</i>	<u>70,118,900</u>	<u>30,053,178</u>	<u>40,065,722</u>	<u>42.9%</u>	<u>29,910,969</u>
<b>LICENSES &amp; PERMITS</b>					
Licenses & Permits	128,995	92,424	36,571	71.6%	68,385
<i>Total</i>	<u>128,995</u>	<u>92,424</u>	<u>36,571</u>	<u>71.6%</u>	<u>68,385</u>
<b>FINES &amp; FORFEITURES</b>					
Parking Violations	2,733,937	1,235,900	1,498,037	45.2%	1,185,954
Library Fines	145,000	52,799	92,201	36.4%	64,956
Municipal Court Fines	148,000	88,604	59,396	59.9%	78,206
<i>Total</i>	<u>3,026,937</u>	<u>1,377,303</u>	<u>1,649,634</u>	<u>45.5%</u>	<u>1,329,116</u>
<b>USE OF MONEY &amp; PROPERTY</b>					
Investment Income	1,514,026	768,004	746,022	50.7%	908,484
Rents & Concessions	406,666	198,987	207,679	48.9%	213,266
<i>Total</i>	<u>1,920,692</u>	<u>966,991</u>	<u>953,701</u>	<u>50.3%</u>	<u>1,121,751</u>
<b>INTERGOVERNMENTAL</b>					
Grants	969,399	1,830,605	(861,206)	188.8%	1,572,143
Vehicle License Fees	432,400	140,864	291,536	32.6%	210,816
<i>Total</i>	<u>1,401,799</u>	<u>1,971,469</u>	<u>(569,670)</u>	<u>140.6%</u>	<u>1,782,958</u>
<b>FEES &amp; SERVICE CHARGES</b>					
Finance	858,930	406,412	452,518	47.3%	396,315
Community Development	5,545,017	2,179,264	3,365,753	39.3%	2,392,990
Recreation	2,555,665	1,131,940	1,423,725	44.3%	1,066,894
Public Safety	433,055	168,066	264,989	38.8%	153,731
Public Works	4,220,897	2,005,240	2,215,657	47.5%	2,302,339
Library	782,082	18,541	763,541	2.4%	31,838
Reimbursements	5,236,450	2,502,685	2,733,765	47.8%	2,496,446
<i>Total</i>	<u>19,632,096</u>	<u>8,412,148</u>	<u>11,219,948</u>	<u>42.8%</u>	<u>8,840,553</u>
<b>OTHER MISCELLANEOUS REVENUES</b>					
Miscellaneous	2,926,626	2,368,038	558,588	80.9%	779,814
Indirect Allocations	6,478,919	3,292,960	3,185,959	50.8%	3,155,767
Operating Transfers-In	3,677,651	632,851	3,044,800	17.2%	222,378
<i>Total</i>	<u>13,083,196</u>	<u>6,293,850</u>	<u>6,789,346</u>	<u>48.1%</u>	<u>4,157,958</u>
<b>TOTAL REVENUES</b>	<u>109,312,615</u>	<u>49,167,362</u>	<u>60,145,252</u>	<u>45.0%</u>	<u>47,211,690</u>

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>** Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
<b>GENERAL GOVERNMENT</b>						
<u>Mayor &amp; City Council</u>						
MAYOR	857,792	394,258	998	462,536	46.1%	
<i>Total</i>	<u>857,792</u>	<u>394,258</u>	<u>998</u>	<u>462,536</u>	46.1%	<u>383,505</u>
<u>City Attorney</u>						
CITY ATTORNEY	2,230,025	1,093,336	-	1,136,689	49.0%	
<i>Total</i>	<u>2,230,025</u>	<u>1,093,336</u>	<u>-</u>	<u>1,136,689</u>	49.0%	<u>1,028,402</u>
<u>Administration</u>						
CITY ADMINISTRATOR	1,506,079	753,438	11,224	741,417	50.8%	
LABOR RELATIONS	289,415	116,248	33,851	139,316	51.9%	
CITY TV	528,509	262,945	37,849	227,715	56.9%	
<i>Total</i>	<u>2,324,004</u>	<u>1,132,631</u>	<u>82,924</u>	<u>1,108,449</u>	52.3%	<u>1,081,062</u>
<u>Administrative Services</u>						
CITY CLERK	625,160	240,521	24,503	360,137	42.4%	
HUMAN RESOURCES	1,315,794	608,059	30,241	677,494	48.5%	
ADMIN SVCS-EMPLOYEE DEVELOPMENT	279,334	103,419	-	175,915	37.0%	
<i>Total</i>	<u>2,220,288</u>	<u>951,999</u>	<u>54,743</u>	<u>1,213,546</u>	45.3%	<u>1,138,281</u>
<u>Finance</u>						
ADMINISTRATION	820,053	382,741	13,909	423,404	48.4%	
TREASURY	443,154	216,157	-	226,997	48.8%	
CASHIERING & COLLECTION	359,549	157,900	-	201,649	43.9%	
LICENSES & PERMITS	545,422	268,689	-	276,733	49.3%	
BUDGET MANAGEMENT	446,158	153,132	15,000	278,026	37.7%	
ACCOUNTING	577,684	227,854	58,238	291,592	49.5%	
PAYROLL	290,216	140,092	7,695	142,429	50.9%	
ACCOUNTS PAYABLE	220,571	109,847	-	110,724	49.8%	
CITY BILLING & CUSTOMER SERVICE	566,683	252,183	11,722	302,779	46.6%	
PURCHASING	665,581	326,346	1,166	338,070	49.2%	
CENTRAL STORES	201,854	102,025	-	99,829	50.5%	
MAIL SERVICES	102,166	49,946	3,424	48,796	52.2%	
<i>Total</i>	<u>5,239,090</u>	<u>2,387,485</u>	<u>111,154</u>	<u>2,740,452</u>	47.7%	<u>2,217,368</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>12,871,199</u>	<u>5,959,709</u>	<u>249,819</u>	<u>6,661,671</u>	48.2%	<u>5,848,618</u>
<b>PUBLIC SAFETY</b>						
<u>Police</u>						
CHIEF'S STAFF	1,090,492	591,889	-	498,603	54.3%	
SUPPORT SERVICES	564,190	292,627	4,913	266,650	52.7%	
RECORDS	1,405,560	689,950	14,312	701,298	50.1%	
COMMUNITY SVCS	1,064,540	680,457	13,738	370,345	65.2%	
CRIME ANALYSIS	94,472	43,552	-	50,920	46.1%	
PROPERTY ROOM	124,389	68,491	309	55,589	55.3%	

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>** Remaining Balance</b>	<b>YTD Expended and Encumbered</b>	<b>Previous YTD</b>
<b>PUBLIC SAFETY</b>						
<u>Police</u>						
TRNG/RECRUITMENT	448,504	201,421	987	246,097	45.1%	
RANGE	976,214	522,206	14,573	439,435	55.0%	
BEAT COORDINATORS	896,729	441,172	788	454,770	49.3%	
INFORMATION TECHNOLOGY	1,146,901	668,275	59,017	419,609	63.4%	
INVESTIGATIVE DIVISION	4,690,801	2,597,627	7,619	2,085,555	55.5%	
CRIME LAB	215,166	113,362	650	101,154	53.0%	
PATROL DIVISION	12,615,285	6,491,256	105,610	6,018,419	52.3%	
TRAFFIC	1,201,073	646,082	1,391	553,600	53.9%	
SPECIAL EVENTS	817,819	868,362	-	(50,543)	106.2%	
TACTICAL PATROL FORCE	1,038,682	557,422	-	481,260	53.7%	
STREET SWEEPING ENFORCEMENT	258,157	124,594	-	133,563	48.3%	
NIGHT LIFE ENFORCEMENT	440,911	219,301	-	221,610	49.7%	
PARKING ENFORCEMENT	1,044,119	420,593	49,688	573,838	45.0%	
CCC	2,318,346	1,067,053	503	1,250,790	46.0%	
ANIMAL CONTROL	610,568	251,076	257	359,235	41.2%	
<i>Total</i>	<u>33,062,918</u>	<u>17,557,076</u>	<u>274,353</u>	<u>15,231,489</u>	53.9%	<u>16,432,203</u>
<u>Fire</u>						
ADMINISTRATION	972,912	651,731	53,511	267,669	72.5%	
EMERGENCY SERVICES AND PUBLIC ED	364,075	154,851	6,368	202,856	44.3%	
PREVENTION	1,174,647	574,048	2,141	598,458	49.1%	
WILDLAND FIRE MITIGATION PROGRAM	188,738	82,851	9,354	96,532	48.9%	
OPERATIONS	16,427,039	9,045,545	55,490	7,326,004	55.4%	
ARFF	1,520,279	798,280	-	721,999	52.5%	
<i>Total</i>	<u>20,647,690</u>	<u>11,307,424</u>	<u>126,864</u>	<u>9,213,402</u>	55.4%	<u>10,463,903</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>53,710,608</u>	<u>28,864,500</u>	<u>401,217</u>	<u>24,444,891</u>	54.5%	<u>26,896,106</u>
<b>PUBLIC WORKS</b>						
<u>Public Works</u>						
ADMINISTRATION	885,393	432,216	11,019	442,158	50.1%	
ENGINEERING SVCS	4,265,505	2,051,270	31,989	2,182,246	48.8%	
PUBLIC RT OF WAY MGMT	1,449,021	629,015	39,103	780,903	46.1%	
ENVIRONMENTAL PROGRAMS	634,286	233,561	88,266	312,459	50.7%	
<i>Total</i>	<u>7,234,204</u>	<u>3,346,062</u>	<u>170,376</u>	<u>3,717,765</u>	48.6%	<u>3,220,980</u>
<b>TOTAL PUBLIC WORKS</b>	<u>7,234,204</u>	<u>3,346,062</u>	<u>170,376</u>	<u>3,717,765</u>	48.6%	<u>3,220,980</u>
<b>COMMUNITY SERVICES</b>						
<u>Parks &amp; Recreation</u>						
PRGM MGMT & BUS SVCS	483,494	264,766	-	218,728	54.8%	
FACILITIES	467,880	221,525	6,491	239,863	48.7%	
CULTURAL ARTS	574,265	304,831	29,896	239,538	58.3%	
YOUTH ACTIVITIES	1,190,773	623,013	16,866	550,895	53.7%	



**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>** Remaining Balance</b>	<b>YTD Expended and Encumbered</b>	<b>Previous YTD</b>
<b>COMMUNITY SERVICES</b>						
<u>Parks &amp; Recreation</u>						
TEEN PROGRAMS	395,140	203,845	2,334	188,961	52.2%	
SR CITIZENS	828,181	431,353	997	395,832	52.2%	
AQUATICS	1,178,393	695,161	38,371	444,861	62.2%	
SPORTS	468,991	249,631	5,183	214,176	54.3%	
TENNIS	316,401	182,582	-	133,819	57.7%	
WESTSIDE CENTER	1,050,645	516,017	2,644	531,984	49.4%	
ADMINISTRATION	580,032	294,959	-	285,073	50.9%	
PROJECT MANAGEMENT TEAM	356,737	177,528	-	179,209	49.8%	
BUSINESS SERVICES	523,482	252,007	50,097	221,377	57.7%	
FACILITY & PROJECT MGT	1,152,688	623,160	3,906	525,622	54.4%	
GROUND MANAGEMENT	5,001,093	2,285,057	239,947	2,476,090	50.5%	
FORESTRY	1,287,535	633,735	8,335	645,465	49.9%	
BEACH MAINTENANCE	192,023	81,246	20,704	90,073	53.1%	
<i>Total</i>	<u>16,047,753</u>	<u>8,041,140</u>	<u>425,771</u>	<u>7,580,842</u>	52.8%	<u>7,614,855</u>
<u>Library</u>						
ADMINISTRATION	455,273	229,077	-	226,196	50.3%	
PUBLIC SERVICES	2,495,297	1,210,954	16,405	1,267,938	49.2%	
SUPPORT SERVICES	1,666,715	854,647	36,781	775,287	53.5%	
<i>Total</i>	<u>4,617,285</u>	<u>2,294,678</u>	<u>53,186</u>	<u>2,269,421</u>	50.8%	<u>2,157,106</u>
<b>TOTAL COMMUNITY SERVICES</b>	<u>20,665,038</u>	<u>10,335,818</u>	<u>478,956</u>	<u>9,850,264</u>	52.3%	<u>9,771,961</u>
<b>COMMUNITY DEVELOPMENT</b>						
<u>Community Development</u>						
ADMINISTRATION	493,605	241,331	2,552	249,722	49.4%	
ECON DEV	95,801	47,304	4,491	44,007	54.1%	
CITY ARTS ADVISORY PROGRAM	590,047	524,024	-	66,024	88.8%	
HUMAN SVCS	817,930	429,063	364,692	24,175	97.0%	
RDA	817,712	368,052	-	449,660	45.0%	
RDA HSG DEV	698,768	344,814	-	353,954	49.3%	
LR PLANNING/STUDIES	775,787	347,664	390	427,733	44.9%	
DEV & DESIGN REVIEW	1,222,228	608,304	40,986	572,938	53.1%	
ZONING	915,314	446,081	768	468,465	48.8%	
DESIGN REV & HIST PRESERVATN	1,071,992	490,559	49,573	531,861	50.4%	
SHO/ENVIRON REVIEW/TRAINING	781,891	373,363	5,743	402,785	48.5%	
BLDG PERMITS	1,171,075	564,048	5,149	601,878	48.6%	
RECORDS & ARCHIVES	622,223	293,726	22,443	306,053	50.8%	
PLAN CK & COUNTER SRV	1,422,127	665,714	7,130	749,283	47.3%	
<i>Total</i>	<u>11,496,500</u>	<u>5,744,046</u>	<u>503,917</u>	<u>5,248,537</u>	54.3%	<u>5,464,302</u>
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<u>11,496,500</u>	<u>5,744,046</u>	<u>503,917</u>	<u>5,248,537</u>	54.3%	<u>5,464,302</u>

**CITY OF SANTA BARBARA**  
**General Fund**  
**Interim Statement of Appropriations, Expenditures and Encumbrances**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>** Remaining Balance</u>	<u>YTD Expended and Encumbered</u>	<u>Previous YTD</u>
<b>NON-DEPARTMENTAL</b>						
<u>Non-Departmental</u>						
COMMUNITY PROMOTIONS	1,783,071	1,013,830	-	769,241	56.9%	
SPECIAL PROJECTS	42,220	23,720	-	18,500	56.2%	
TRANSFERS OUT	43,500	43,500	-	-	100.0%	
DEBT SERVICE TRANSFERS	355,945	286,058	-	69,887	80.4%	
CAPITAL OUTLAY TRANSFER	1,619,352	1,073,817	-	545,535	66.3%	
APPROP. RESERVE	700,777	-	-	700,777	0.0%	
<i>Total</i>	<u>4,544,865</u>	<u>2,440,925</u>	<u>-</u>	<u>2,103,940</u>	53.7%	<u>2,404,450</u>
<b>TOTAL NON-DEPARTMENTAL</b>	<u>4,544,865</u>	<u>2,440,925</u>	<u>-</u>	<u>2,103,940</u>	53.7%	<u>2,404,450</u>
<b>TOTAL EXPENDITURES</b>	<u>110,522,415</u>	<u>56,691,061</u>	<u>1,804,286</u>	<u>52,027,068</u>	52.9%	<u>53,606,417</u>

*\*\* The legal level of budgetary control is at the department level for the General Fund. Therefore, as long as the department as a whole is within budget, budgetary compliance has been achieved. The City actively monitors the budget status of each department and takes measures to address potential over budget situations before they occur.*

*For Enterprise and Internal Service Funds, the legal level of budgetary control is at the fund level. The City also monitors and addresses these fund types for potential over budget situations.*

**CITY OF SANTA BARBARA**  
**Special Revenue Funds**  
**Interim Statement of Revenues and Expenditures**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>
<b>TRAFFIC SAFETY FUND</b>					
Revenue	513,000	268,368	-	244,632	52.3%
Expenditures	513,000	268,368	-	244,632	52.3%
<i>Revenue Less Expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>CREEK RESTORATION/WATER QUALITY IMPRVMT</b>					
Revenue	2,953,769	1,750,420	-	1,203,349	59.3%
Expenditures	3,125,118	1,197,885	334,618	1,592,615	49.0%
<i>Revenue Less Expenditures</i>	<u>(171,349)</u>	<u>552,535</u>	<u>(334,618)</u>	<u>(389,266)</u>	
<b>SOLID WASTE PROGRAM</b>					
Revenue	17,522,051	8,706,346	-	8,815,705	49.7%
Expenditures	17,679,913	8,363,513	151,127	9,165,273	48.2%
<i>Revenue Less Expenditures</i>	<u>(157,862)</u>	<u>342,832</u>	<u>(151,127)</u>	<u>(349,568)</u>	
<b>COMM.DEVELOPMENT BLOCK GRANT</b>					
Revenue	2,555,943	711,973	-	1,843,970	27.9%
Expenditures	2,555,943	370,203	269,543	1,916,197	25.0%
<i>Revenue Less Expenditures</i>	<u>-</u>	<u>341,770</u>	<u>(269,543)</u>	<u>(72,227)</u>	
<b>COUNTY LIBRARY</b>					
Revenue	1,877,220	142,489	-	1,734,731	7.6%
Expenditures	1,893,738	886,038	39,811	967,889	48.9%
<i>Revenue Less Expenditures</i>	<u>(16,518)</u>	<u>(743,549)</u>	<u>(39,811)</u>	<u>766,842</u>	
<b>STREETS FUND</b>					
Revenue	9,994,205	5,023,468	-	4,970,738	50.3%
Expenditures	14,667,871	5,368,718	1,413,945	7,885,208	46.2%
<i>Revenue Less Expenditures</i>	<u>(4,673,666)</u>	<u>(345,250)</u>	<u>(1,413,945)</u>	<u>(2,914,470)</u>	
<b>MEASURE "D"</b>					
Revenue	5,186,919	2,032,144	-	3,154,775	39.2%
Expenditures	8,270,484	1,761,388	2,080,741	4,428,354	46.5%
<i>Revenue Less Expenditures</i>	<u>(3,083,565)</u>	<u>270,756</u>	<u>(2,080,741)</u>	<u>(1,273,579)</u>	

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**WATER OPERATING FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Water Sales - Metered	28,462,500	16,207,308	-	12,255,192	56.9%	16,242,138
Service Charges	499,392	200,612	-	298,780	40.2%	217,862
Cater JPA Treatment Charges	1,700,000	1,393,580	-	306,420	82.0%	1,026,117
Investment Income	1,285,000	815,721	-	469,279	63.5%	814,251
Grants	16,098	-	-	16,098	0.0%	-
Reimbursements	18,000	-	-	18,000	0.0%	-
Miscellaneous	612,656	201,826	-	410,830	32.9%	102,099
<b>TOTAL REVENUES</b>	<u>32,593,646</u>	<u>18,819,047</u>	<u>-</u>	<u>13,774,599</u>	<u>57.7%</u>	<u>18,402,467</u>
<b>EXPENSES</b>						
Salaries & Benefits	7,244,664	3,430,633	-	3,814,031	47.4%	3,350,090
Materials, Supplies & Services	7,743,491	3,544,893	1,967,513	2,231,086	71.2%	3,038,698
Special Projects	247,651	44,767	31,298	171,586	30.7%	31,862
Water Purchases	7,518,586	3,292,242	257,491	3,968,854	47.2%	3,316,567
Debt Service	4,759,271	2,580,787	-	2,178,484	54.2%	2,196,352
Capital Outlay Transfers	7,855,039	4,004,317	-	3,850,722	51.0%	3,267,327
Equipment	163,824	4,882	6,163	152,779	6.7%	16,383
Capitalized Fixed Assets	104,786	7,674	2,549	94,563	9.8%	23,126
Other	5,700	20,328	-	(14,628)	356.6%	5,039
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>35,793,013</u>	<u>16,930,522</u>	<u>2,265,013</u>	<u>16,597,478</u>	<u>53.6%</u>	<u>15,245,445</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**WASTEWATER OPERATING FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Service Charges	13,452,500	6,932,271	-	6,520,229	51.5%	6,595,443
Fees	519,515	212,774	-	306,741	41.0%	228,122
Investment Income	480,000	280,084	-	199,916	58.4%	305,077
Miscellaneous	173,927	105,940	-	67,987	60.9%	7,079
<b>TOTAL REVENUES</b>	<u>14,625,942</u>	<u>7,531,070</u>	<u>-</u>	<u>7,094,872</u>	<u>51.5%</u>	<u>7,135,721</u>
<b>EXPENSES</b>						
Salaries & Benefits	5,002,852	2,389,126	-	2,613,726	47.8%	2,330,930
Materials, Supplies & Services	5,651,183	2,243,536	1,100,995	2,306,652	59.2%	2,466,394
Special Projects	565,217	546,593	96,877	(78,253)	113.8%	356,563
Debt Service	1,355,548	390,277	-	965,271	28.8%	359,145
Capital Outlay Transfers	2,242,107	1,169,607	-	1,072,500	52.2%	1,057,464
Equipment	31,432	7,919	8,191	15,322	51.3%	28,983
Capitalized Fixed Assets	58,435	15,394	2,413	40,627	30.5%	5,268
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>15,056,773</u>	<u>6,762,451</u>	<u>1,208,476</u>	<u>7,085,846</u>	<u>52.9%</u>	<u>6,604,747</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**  
**DOWNTOWN PARKING**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Improvement Tax	880,000	431,172	-	448,828	49.0%	426,444
Parking Fees	6,145,000	2,714,983	-	3,430,017	44.2%	2,855,736
Investment Income	325,000	182,289	-	142,711	56.1%	185,852
Miscellaneous	71,480	57,089	-	14,391	79.9%	1,692
Operating Transfers-In	43,500	43,500	-	-	100.0%	36,420
<b>TOTAL REVENUES</b>	<u>7,464,980</u>	<u>3,429,033</u>	<u>-</u>	<u>4,035,947</u>	<u>45.9%</u>	<u>3,506,144</u>
<b>EXPENSES</b>						
Salaries & Benefits	3,624,380	1,786,683	-	1,837,697	49.3%	1,690,108
Materials, Supplies & Services	2,031,789	835,757	186,376	1,009,657	50.3%	893,581
Special Projects	886,504	365,142	502,189	19,173	97.8%	380,278
Capital Outlay Transfers	34,078	34,078	-	-	100.0%	9,523
Equipment	40,000	332	2,800	36,868	7.8%	-
Capitalized Fixed Assets	2,947,685	893,473	1,140,399	913,813	69.0%	160,656
Appropriated Reserve	60,000	-	-	60,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>9,624,437</u>	<u>3,915,465</u>	<u>1,831,763</u>	<u>3,877,209</u>	<u>59.7%</u>	<u>3,134,146</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**  
**AIRPORT OPERATING FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Leases - Commercial / Industrial	4,071,450	2,165,746	-	1,905,704	53.2%	2,031,557
Leases - Terminal	5,029,702	2,468,349	-	2,561,353	49.1%	2,520,140
Leases - Non-Commerical Aviation	1,168,600	613,558	-	555,042	52.5%	625,890
Leases - Commerical Aviation	1,955,000	1,137,116	-	817,884	58.2%	1,091,339
Investment Income	413,000	283,405	-	129,595	68.6%	261,204
Miscellaneous	254,250	189,258	-	64,992	74.4%	105,427
<b>TOTAL REVENUES</b>	<b>12,892,002</b>	<b>6,857,433</b>	<b>-</b>	<b>6,034,569</b>	<b>53.2%</b>	<b>6,635,556</b>
<b>EXPENSES</b>						
Salaries & Benefits	4,880,629	2,307,534	-	2,573,095	47.3%	2,251,413
Materials, Supplies & Services	6,996,243	3,172,448	738,346	3,085,449	55.9%	3,035,380
Special Projects	770,150	185,987	-	584,163	24.1%	207,116
Transfers-Out	-	-	-	-	100.0%	47,040
Capital Outlay Transfers	2,143,129	1,297,449	-	845,680	60.5%	1,933,842
Equipment	128,728	29,772	6,417	92,538	28.1%	61,282
Capitalized Fixed Assets	38,900	38,214	657	28	99.9%	112,895
Appropriated Reserve	48,831	-	-	48,831	0.0%	-
<b>TOTAL EXPENSES</b>	<b>15,006,609</b>	<b>7,031,404</b>	<b>745,421</b>	<b>7,229,785</b>	<b>51.8%</b>	<b>7,648,969</b>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**GOLF COURSE FUND**

	<b>Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>Remaining Balance</b>	<b>Percent of Budget</b>	<b>Previous YTD</b>
<b>REVENUES</b>						
Fees & Card Sales	2,003,600	956,138	-	1,047,462	47.7%	979,045
Investment Income	35,000	23,680	-	11,320	67.7%	28,923
Rents & Concessions	285,000	137,854	-	147,146	48.4%	131,136
Miscellaneous	371,970	24,998	-	346,972	6.7%	1,548
<b>TOTAL REVENUES</b>	<b>2,695,570</b>	<b>1,142,670</b>	<b>-</b>	<b>1,552,900</b>	<b>42.4%</b>	<b>1,140,652</b>
<b>EXPENSES</b>						
Salaries & Benefits	1,204,819	597,609	-	607,210	49.6%	574,154
Materials, Supplies & Services	704,468	397,795	128,660	178,013	74.7%	364,354
Special Projects	69,117	34,918	29,379	4,820	93.0%	3,531
Debt Service	184,379	155,696	-	28,683	84.4%	152,560
Capital Outlay Transfers	17,070	17,070	-	-	100.0%	4,416
Equipment	8,400	1,200	-	7,200	14.3%	1,364
Capitalized Fixed Assets	1,161,594	506,473	91,414	563,707	51.5%	40,962
<b>TOTAL EXPENSES</b>	<b>3,349,846</b>	<b>1,710,761</b>	<b>249,453</b>	<b>1,389,632</b>	<b>58.5%</b>	<b>1,141,341</b>



**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**INTRA-CITY SERVICE FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Vehicle Maintenance Charges	2,758,111	1,355,143	-	1,402,968	49.1%	1,337,317
Work Orders - Bldg Maint.	3,840,056	1,726,530	-	2,113,526	45.0%	1,934,080
Service Charges	1,799,291	869,872	-	929,419	48.3%	874,198
Miscellaneous	143,022	94,441	-	48,581	66.0%	7,478
<b>TOTAL REVENUES</b>	<u>8,540,480</u>	<u>4,045,986</u>	<u>-</u>	<u>4,494,494</u>	<u>47.4%</u>	<u>4,153,073</u>
<b>EXPENSES</b>						
Salaries & Benefits	4,596,987	2,125,310	-	2,471,677	46.2%	2,027,319
Materials, Supplies & Services	2,358,662	1,179,628	326,332	852,702	63.8%	954,793
Special Projects	1,924,894	615,830	565,914	743,149	61.4%	460,155
Capital Outlay Transfers	1,603	1,603	-	-	100.0%	2,389
Equipment	35,500	13,750	-	21,750	38.7%	41,678
Capitalized Fixed Assets	135,494	38,303	42,177	55,014	59.4%	15,591
Appropriated Reserve	10,000	-	-	10,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>9,063,140</u>	<u>3,974,424</u>	<u>934,423</u>	<u>4,154,293</u>	<u>54.2%</u>	<u>3,501,925</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**ICS EQUIPMENT REPLACEMENT FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Vehicle Rental Charges	1,852,299	926,149	-	926,150	50.0%	1,041,845
Investment Income	225,000	149,846	-	75,154	66.6%	143,015
Rents & Concessions	268,241	134,120	-	134,121	50.0%	134,120
Miscellaneous	2,133	50,647	-	(48,514)	2374.5%	12,644
<b>TOTAL REVENUES</b>	<u>2,347,673</u>	<u>1,260,763</u>	<u>-</u>	<u>1,086,910</u>	<u>53.7%</u>	<u>1,331,624</u>
<b>EXPENSES</b>						
Salaries & Benefits	123,004	58,138	-	64,866	47.3%	52,889
Materials, Supplies & Services	1,097	1,299	-	(202)	118.4%	1,271
Equipment	-	-	-	-	100.0%	293,215
Capitalized Fixed Assets	3,817,689	844,442	1,006,466	1,966,781	48.5%	344,448
<b>TOTAL EXPENSES</b>	<u>3,941,790</u>	<u>903,879</u>	<u>1,006,466</u>	<u>2,031,446</u>	<u>48.5%</u>	<u>691,823</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**SELF INSURANCE TRUST FUND**

	<b>** Annual Budget</b>	<b>YTD Actual</b>	<b>Encum- brances</b>	<b>Remaining Balance</b>	<b>Percent of Budget</b>	<b>Previous YTD</b>
<b>REVENUES</b>						
Insurance Premiums	3,197,440	1,598,720	-	1,598,720	50.0%	1,570,080
Workers' Compensation Premiums	2,107,502	928,751	-	1,178,751	44.1%	1,120,529
OSH Charges	291,620	146,050	-	145,570	50.1%	126,924
Investment Income	361,434	243,229	-	118,205	67.3%	262,156
Miscellaneous	773	354,276	-	(353,503)	45831.3%	97,792
Accel - Return of Premium	-	750,000	-	(750,000)	100.0%	-
<b>TOTAL REVENUES</b>	<b>5,958,769</b>	<b>4,021,026</b>	<b>-</b>	<b>1,937,743</b>	<b>67.5%</b>	<b>3,177,481</b>
<b>EXPENSES</b>						
Salaries & Benefits	633,005	257,933	-	375,072	40.7%	252,315
Materials, Supplies & Services	5,836,337	2,160,733	417,904	3,257,700	44.2%	2,469,467
Transfers-Out	1,589,851	1,589,853	-	(2)	100.0%	-
Capital Outlay Transfers	2,137	2,137	-	-	100.0%	3,185
Equipment	1,500	-	-	1,500	0.0%	240
<b>TOTAL EXPENSES</b>	<b>8,062,830</b>	<b>4,010,656</b>	<b>417,904</b>	<b>3,634,270</b>	<b>54.9%</b>	<b>2,725,206</b>

**\*\* The Self Insurance Trust Fund is an internal service fund of the City, which accounts for the cost of providing workers' compensation, property and liability insurance as well as unemployment insurance and certain self-insured employee benefits on a city-wide basis. Internal Service Funds charge other funds for the cost of providing their specific services.**

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**INFORMATION SYSTEMS ICS FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Service charges	2,542,887	1,285,849	-	1,257,038	50.6%	1,222,543
Miscellaneous	3,797	10,526	-	(6,729)	277.2%	-
<b>TOTAL REVENUES</b>	<u>2,546,684</u>	<u>1,296,374</u>	<u>-</u>	<u>1,250,310</u>	<u>50.9%</u>	<u>1,222,543</u>
<b>EXPENSES</b>						
Salaries & Benefits	1,734,048	844,950	-	889,098	48.7%	771,974
Materials, Supplies & Services	654,342	259,556	239,683	155,103	76.3%	349,901
Special Projects	4,979	(771)	-	5,750	-15.5%	(9,156)
Capital Outlay Transfers	85,000	42,500	-	42,500	50.0%	-
Equipment	268,279	(1,547)	81,948	187,878	30.0%	223,521
Capitalized Fixed Assets	-	488	-	(488)	100.0%	511
Appropriated Reserve	13,433	-	-	13,433	0.0%	-
<b>TOTAL EXPENSES</b>	<u>2,760,082</u>	<u>1,145,177</u>	<u>321,631</u>	<u>1,293,273</u>	<u>53.1%</u>	<u>1,336,750</u>

**CITY OF SANTA BARBARA**  
**Interim Statement of Revenues and Expenses**  
**For the Six Months Ended December 31, 2008 (50% of Fiscal Year)**

**WATERFRONT FUND**

	<u>Annual Budget</u>	<u>YTD Actual</u>	<u>Encum- brances</u>	<u>Remaining Balance</u>	<u>Percent of Budget</u>	<u>Previous YTD</u>
<b>REVENUES</b>						
Leases - Commercial	1,428,020	830,248	-	597,772	58.1%	831,597
Leases - Food Service	2,410,338	1,349,584	-	1,060,754	56.0%	1,404,732
Slip Rental Fees	3,535,370	1,767,729	-	1,767,641	50.0%	1,734,769
Visitors Fees	442,690	272,964	-	169,726	61.7%	258,410
Slip Transfer Fees	688,500	169,500	-	519,000	24.6%	338,775
Parking Revenue	1,588,639	795,484	-	793,155	50.1%	805,049
Wharf Parking	280,500	110,223	-	170,277	39.3%	118,988
Other Fees & Charges	361,786	189,703	-	172,083	52.4%	180,096
Investment Income	276,019	188,771	-	87,248	68.4%	209,604
Rents & Concessions	277,134	141,290	-	135,844	51.0%	135,196
Miscellaneous	259,880	145,238	-	114,642	55.9%	54,078
<b>TOTAL REVENUES</b>	<u>11,548,876</u>	<u>5,960,733</u>	<u>-</u>	<u>5,588,143</u>	<u>51.6%</u>	<u>6,071,294</u>
<b>EXPENSES</b>						
Salaries & Benefits	5,495,871	2,699,247	-	2,796,624	49.1%	2,525,664
Materials, Supplies & Services	3,748,738	1,594,191	623,318	1,531,229	59.2%	1,664,048
Special Projects	30,393	15,253	15,952	(812)	102.7%	17,683
Debt Service	1,592,262	1,198,749	-	393,513	75.3%	1,194,749
Capital Outlay Transfers	926,999	495,499	-	431,500	53.5%	1,527,303
Equipment	209,584	50,928	8,396	150,260	28.3%	59,442
Capitalized Fixed Assets	15,000	-	-	15,000	0.0%	-
Appropriated Reserve	150,000	-	-	150,000	0.0%	-
<b>TOTAL EXPENSES</b>	<u>12,168,847</u>	<u>6,053,868</u>	<u>647,666</u>	<u>5,467,313</u>	<u>55.1%</u>	<u>6,988,889</u>

NOTE - These figures reflect the operating fund only. Though the capital fund is excluded, the current year contribution from the operating fund is shown in the Capital Transfers.

**Fiscal Year 2009 Interim Financial Statements**  
**For the Six Months Ended December 31, 2008 (50% of Year Elapsed)**

### General Fund Revenues

The table below summarizes General Fund revenues for the six months ended December 31, 2008. For interim financial statement purposes, revenues are reported on the cash basis (i.e. when they are received). The table below includes the budgeted totals as well as the year-to-date (YTD) budget, which for tax revenues has been seasonally adjusted based on a 3-year average of collections through the same period. Because tax revenues are not collected evenly throughout the year, adjusting the YTD budget to reflect the unique collection pattern of each category of tax revenue enables a more meaningful comparison to year-to-date results shown in the YTD Actual column. For all other revenues, the YTD Budget column represents 50% (6 months out of the 12 elapsed) of the annual budget column. Unlike tax revenues, these revenues tend to be collected more evenly during the year.

**Summary of Revenues**  
**For the Six Months Ended December 31, 2008**  
**GENERAL FUND**

	Current Year Analysis					3-Year Average Bench- mark	Prior Year Analysis	
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent Rec'd		Prior Year YTD Actual	Variance Prior Yr To Current Yr
Sales & Use Tax	\$ 20,759,000	\$ 7,867,661	\$ 7,603,457	\$ (264,204)	36.6%	37.9%	\$ 8,034,798	-5.4%
Property Tax	23,306,000	8,623,220	8,590,431	(32,789)	36.9%	37.0%	8,358,056	2.8%
UUT	6,966,000	3,434,238	3,509,286	75,048	50.4%	49.3%	3,347,604	4.8%
TOT	13,334,000	7,813,724	7,737,272	(76,452)	58.0%	58.6%	7,664,159	1.0%
Bus License	2,258,500	910,176	982,866	72,691	43.5%	40.3%	889,604	10.5%
Prop Trans Tax	500,000	290,500	166,796	(123,704)	33.4%	58.1%	296,310	-43.7%
Total Taxes	67,123,500	28,939,519	28,590,108	(349,411)	42.6%		28,590,531	0.0%
License & Permits	128,995	64,498	92,424	27,927	71.6%	50.0%	68,385	35.2%
Fines & Forfeitures	3,026,937	1,513,469	1,377,303	(136,166)	45.5%	50.0%	1,329,116	3.6%
Franchise Fee	2,995,400	1,401,847	1,463,071	61,224	48.8%	46.8%	1,320,438	10.8%
Use of Money & Property	1,920,692	960,346	966,991	6,645	50.3%	50.0%	1,121,751	-13.8%
Intergovernmental	1,401,799	700,900	1,971,469	1,270,570	140.6%	50.0%	1,782,958	10.6%
Fee & Charges	19,632,096	9,816,048	8,412,148	(1,403,900)	42.8%	50.0%	8,840,553	-4.8%
Miscellaneous	10,662,702	5,331,351	6,293,850	962,499	59.0%	50.0%	4,157,958	51.4%
Budgeted year-end variance	2,420,494	1,210,247	-	(1,210,247)	0.0%	50.0%	-	0.0%
Total Other	42,189,115	20,998,705	20,577,256	(421,449)	48.8%		18,621,159	
<b>Total Revenues</b>	<b>\$ 109,312,615</b>	<b>\$ 49,938,223</b>	<b>\$ 49,167,364</b>	<b>\$ (770,859)</b>	<b>45.0%</b>		<b>\$ 47,211,690</b>	<b>4.1%</b>

\* YTD Budget for Taxes is calculated based on a 3-year average of collections for each revenue source; for all other revenues, YTD Budget is calculated on a straight-line basis based on the number of months elapsed.

After six months of activity, we are able to identify trends in our revenues and can make preliminary estimates regarding where we expect revenues to be at year end. As can be seen in the table above, total revenues are approximately \$771,000 below the YTD budget at December 31, 2008. This variance is primarily due to the effect of the recession on our non-departmental tax revenues and fees and service charges. Although there is an unfavorable variance after six months, revenues are ahead of last fiscal year through the same period due to one-time rebates in the Miscellaneous Revenues category.

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Overall, we expect that revenues will not meet budget at year end, falling short of budget by approximately \$2.5 million in non-departmental revenues and approximately \$1.3 million in departmental revenues. We will continue to monitor all revenues closely in the second half of the fiscal year.

It is important to note that the previous table includes \$2.42 million in “Anticipated Year-End Variance” as budgeted revenue. This “revenue” is equal to 2.25% of budgeted operating expenditures in the General Fund, and represents what staff projected in total favorable variances in revenues and expenditures (revenues *over* budget and expenditures *under* budget). No actual revenues are recognized in this account; rather the negative variance typically is offset by actual favorable variances realized in other revenue and expenditure accounts at year end. As discussed above, the current economic crisis has created significant shortfalls in projected year-end revenues and, therefore, it is expected that no overall favorable year-end revenue variances will be realized by year-end. Expenditure savings will be relied alone to offset the negative variance in the anticipated year-end variance account.

Each revenue category shown in the table above is discussed below.

**Sales and Use Taxes**

Sales tax collections are below the YTD budget by \$264,200 (-3.4%) for two reasons. First, the final (“clean up”) payment received in September 2008 for the quarter ended June 30, 2008 came in -92.7% below the clean up payment received *last* fiscal year. The advances received from June – August 2008 were all recognized as fiscal year 2008 revenues; however the September clean up payment was recognized as *current year* revenue. The significantly lower clean up payment is due to the State essentially over-advancing the City for the quarter ended June 30, 2008. In total, sales tax receipts fell 7.3% for this quarter.

Additionally, for the quarter ended September 30, 2008, sales tax revenues declined 0.6% from last fiscal year for the same quarter. By year-end, we expect that overall sales tax revenues will be approximately -\$1,553,000 (-7.9%) short of budget based on an assumed **decline** of -3% for the remaining two quarters of the fiscal year.

**Property Taxes**

Property tax revenues are slightly under YTD budget at December 31 by \$32,789. This small variance is not considered significant. Budgeted revenues, particularly those from supplemental property tax assessments imposed when properties are sold or improved after the levy date, reflect the recent slow down in real estate sales and home improvements and are consistent with countywide projections. Budgeted growth was 3.9%; however, we expect 3.2% actual growth by year-end, resulting in a slight negative budget variance of \$140,700 (0.6%). This is due primarily to an increase in the County Property Tax Administration fee of \$103,100.

**Utility Users Taxes**

Utility users tax (UUT) is a 6% tax applied to virtually all utilities, including water, cable television, telephone, electricity, refuse, and natural gas. One-half of all UUT revenues is allocated to the Streets Fund for streets maintenance and capital improvements. The \$3.5 million revenue in the General Fund for the first six months is approximately \$75,000 (2.2%)

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ahead of the YTD budget. Virtually all sectors of UUT revenue, except water, are meeting or exceeding expectations for the first six months of the fiscal year and exceeding prior year revenues. The change from prior year revenues is as follows:

Telephone	5.2%
Electric	0.5%
Natural Gas	25.0%
Cable TV	8.8%
Refuse	5.6%
Water	-0.4% (due to flat water revenues)

Although Measure G was passed by voters in November 2008 lowering the UUT rate to 5.75% on telecommunications services, the new lower rate will not go into full effect until March, 2009 due to PUC noticing requirements and implementation deadlines in the City's own Telecommunications Ordinance. Despite the lower rate, Measure G is anticipated to be revenue neutral since it is applied to a wider base of telecommunications services, not just cable television. By year-end, we expect UUT revenues will exceed budget by approximately \$163,900 (4.2%) compared to budgeted growth of 1.8%.

**Transient Occupancy Taxes**

Transient occupancy tax (TOT) revenues are \$76,400 (2.5%) under the YTD budget; however, revenues are 1.0% ahead of the prior year at mid-year. TOT revenues showed growth in the first two months of the fiscal year, but then realized steady and increasing declines from September through December, with December receipts (for the month of November) down 11.6% from last year. TOT revenues are expected to end the year \$549,000 (1.2%) under budget compared to budgeted growth of 3.1%.

**Business License Tax**

Business license tax revenues are ahead of YTD budget by \$72,692 (43.5%) and 10.5% above revenues for the same period of the previous fiscal year. This particular revenue should not be affected this year by the current recession because the assessed rate for most businesses is based on prior year's gross receipts. As such, we anticipate this revenue will continue to show a positive budget variance at year-end.

**Property Transfer Tax**

After the first six months, Property transfer tax revenues show a significant negative budget variance of \$123,704 (42.6%). Property transfer taxes are paid when real property is sold, and the unfavorable variance is consistent with the overall decline in the housing market locally and nationally. . The budget for this revenue was based on an assumed 10.9% growth rate, consistent with historical trends; however, at this point, we expect a shortfall from budget of \$166,400 (26.1%) by year-end.

**Fines and Forfeitures**

General Fund revenues in this category are derived from three sources: Parking citation revenues and municipal court fines budgeted in the Police Department and Library fines. Fines



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and forfeitures are \$136,166 (9%) below the YTD budget for the first half of the fiscal year. While municipal court fines are ahead of YTD budget by \$14,600 (19.7%), both parking citation revenues and library fines are down significantly. Library fines, budgeted at \$145,000, are short of YTD budget by \$19,700 (27.2%). However, Library fines are a relatively small source of General Fund revenue compared to parking citation revenues, budgeted at \$2.7 million. Parking citation revenues are down \$131,069 (9.6%) through the first six months and initial year-end estimates anticipated a \$350,000 shortfall in parking citation revenue. Despite Council recently approving an across-the-board fee increase to all parking citation fines, these revenues are expected to be approximately \$2.35 million (\$380,000 under budget) by year-end.

**Licenses & Permits**

Revenues in this category are derived from the issuance of a variety of miscellaneous licenses and permits for businesses and activities such as taxi cabs, dance halls, tobacco retailers, and animal licenses. These revenues are running well ahead of YTD budget at \$27,927 (43.3%), typical for this revenue category since licenses and permits are conservatively budgeted by departments and is a small source of revenue in the overall budget. We expect this revenue to continue to exceed budget at year-end.

**Franchise Fees**

Franchise fee revenues are received from companies that have a franchise agreement with the City and tend to follow the same pattern as UUT. Franchise fees are \$60,704 (4.3%) ahead of the YTD budget and all sectors are ahead of the YTD budget. While we expect this favorable trend to continue through the remainder of the fiscal year, the adopted budget assumed a 5.9% increase and franchise fees are projected to grow by 3.8% overall resulting in an expected budget shortfall of \$58,261.

**Use of Money & Property**

While the City's yield on investments has declined in the first six months, revenues in this category basically are flat at 50.3% through the first six months. This is due to interest on the City's EMLAP showing favorable budget variances and rents and leases meeting YTD budget. By year-end, we expect that this revenue category overall will meet budget with continuing declines in the interest yield offset by EMLAP interest and rents and lease income.

**Intergovernmental**

Intergovernmental revenue is ahead of the YTD budget almost entirely due to mutual aid revenues received by the Fire Department this year. The Department responded to a number of incidents in the last 18 months for which it is now receiving reimbursement that will offset the costs associated with providing the assistance. Staff is projecting that the City will receive almost \$2.2 million of mutual aid reimbursements by the end of the fiscal year. Since much of the revenues are to cover additional, unbudgeted, costs incurred this year, staff has included recommendations to increase appropriations from these additional revenues.

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**Fees & Service Charges**

Overall, fees and service charges are \$1,403,900 (14.3%) under YTD budget, due primarily to revenue shortfalls in two areas: Community Development Planning and Building & Safety fees, County Library Administration fees, and, to a lesser extent, registrations for Recreation classes and programs. Other departmental fees and services are within expectations at the mid-year point of the fiscal year by either meeting the YTD budget or are seasonal in nature whereby more of the revenue typically is realized in the second half of the year.

The slowdown in the local economy has caused dramatic budget variances in the first six months in Community Development's planning and building and safety revenues. Overall, the Department's fees and service charges are below YTD budget by \$575,000 (17.3%), reflecting significant declines in applications seen at the counter. By year-end, staff expects these revenues to come in approximately \$1,100,000 below budget.

In the Library, the County Library Administration fees associated with the City's management and operation of the county library branches and the County Per Capita funding was not received in the first half of the fiscal year, contributing \$748,000 to the negative budget variance in the fees and service charges revenue category for the first six months. Both of these revenues were received in January, 2009 and, therefore, will meet budget.

Parks & Recreation revenues are \$145,900 (11.4%) below the YTD budget due to declining registrations for classes and programs. Revenue declines have been seen in areas of facilities registrations (-\$28,050), active adults program (-\$48,300) with the suspension of the senior tour program and the upcoming renovation of the Carrillo Recreation Center, teen programs (-\$6,600), aquatics (-\$4,100), and tennis (-\$1,750). Service charges from the youth afterschool programs are also down approximately -\$73,000; however, expenditure savings are expected to offset this particular negative budget variance. At mid-year, staff projects that year-end revenues will be approximately \$110,000 below budget.

Fees and Service Charges General Fund For the Six Months Ended December 31, 2008								
Department	Annual Budget	YTD Budget	YTD Actual	Budget Variance	Percent Received YTD	Prior Year YTD	Prior Year Variance	Percent Variance
Finance	\$ 858,930	\$ 429,465	\$ 406,412	\$ (23,053)	47.3%	\$ 396,315	\$ 10,097	2.5%
Community Development	5,545,017	2,772,509	2,179,264	(593,245)	39.3%	2,392,990	(213,726)	-8.9%
Parks & Recreation	2,555,665	1,277,833	1,131,940	(145,893)	44.3%	1,066,894	65,046	6.1%
Public Safety	433,055	216,528	168,066	(48,462)	38.8%	153,731	14,335	9.3%
Public Works	4,220,897	2,110,449	2,005,240	(105,209)	47.5%	2,302,339	(297,099)	-12.9%
Library	782,082	391,041	18,541	(372,500)	2.4%	31,838	(13,297)	-41.8%
Inter-Fund Charges	5,236,450	2,618,225	2,502,685	(115,540)	47.8%	2,496,446	6,239	0.2%
Total	<u>\$ 19,632,096</u>	<u>\$ 9,816,048</u>	<u>\$ 8,412,148</u>	<u>\$ (1,403,900)</u>	42.8%	<u>\$ 8,840,553</u>	<u>\$ (428,405)</u>	-4.8%

**Miscellaneous Revenues**

Miscellaneous Revenues are \$962,500 (9.0%) over YTD budget at December 31. The positive budget variance consists primarily of the rebates returned to the General Fund from the City's

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ICS Funds. All of the rebates were booked in the first period of the fiscal year, resulting in positive YTD budget variances that will normalize by the end of the fiscal year.

**General Fund Expenditures**

The table below summarizes the General Fund budget and year-to-date expenditures through December 31, 2008. The Annual Budget column represents the amended budget, which includes appropriation carryovers from the prior year, as well as any supplemental appropriations approved by Council in the current year.

SUMMARY OF EXPENDITURES GENERAL FUND For the Six Months Ended December 31, 2008						
Department	Annual Budget	YTD Budget	YTD Actual	Encum - brance	Variance Favorable (Unfavorable)	
					\$	%
Mayor & Council	\$ 857,792	428,896	\$ 394,258	\$ 998	\$ 33,640	3.9%
City Attorney	2,230,025	1,115,013	1,093,336	-	21,677	1.0%
City Administrator	2,324,004	1,162,002	1,132,631	82,924	(53,553)	-2.3%
Administrative Svs.	2,220,288	1,110,144	951,999	54,743	103,402	4.7%
Finance	5,239,090	2,619,545	2,387,485	111,154	120,906	2.3%
Police	33,062,918	16,531,459	17,557,076	274,353	(1,299,970)	-3.9%
Fire	20,647,690	10,323,845	11,307,424	126,864	(1,110,443)	-5.4%
Public Works	7,234,204	3,617,102	3,346,062	170,376	100,664	1.4%
Parks & Recreation	16,047,753	8,023,877	8,041,140	425,771	(443,035)	-2.8%
Library	4,617,285	2,308,643	2,294,678	53,186	(39,222)	-0.8%
Community Dev.	11,496,500	5,748,250	5,744,046	503,917	(499,713)	-4.3%
Non-Departmental	4,544,865	2,272,433	2,440,925	-	(168,493)	-3.7%
Total	<u>\$ 110,522,414</u>	<u>\$ 55,261,207</u>	<u>\$ 56,691,060</u>	<u>\$ 1,804,286</u>	<u>\$ (3,234,139)</u>	-2.9%
% of annual budget		50.0%	51.3%	1.6%		

As shown above, a year-to-date budget (labeled "YTD Budget") column is included. This represents 50% of the annual budget to coincide with 6 out of 12 months in the fiscal year having elapsed. Unlike revenues, where the collection rate during the year is seasonally affected, most expenditures tend to be incurred fairly evenly throughout the year. This is primarily due to salary and benefits expenditures, which account for approximately 75% of General Fund expenditures, that tend to be incurred fairly evenly throughout the year and.

The amended annual budget totaled approximately \$110.5 million, and the year-to-date budget is calculated at \$55.3 million (50%). Actual expenditures of \$56.7 million, combined with \$1.8 million in encumbrances, results in an unfavorable variance of \$3.2 million (-2.9%). Encumbrances consist of amounts carried forward from the prior year and current year encumbered contracts for materials and services, such as financial audits, maintenance, and professional services that will be performed throughout the remainder of this fiscal year. With the exception of Parks & Recreation, Police, Fire, and Non-Departmental, all negative mid-year

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variances are attributable to encumbrances that will be liquidated throughout the year. Excluding encumbrances, expenditures were \$1.4 million (1.2%) over the YTD budget.

The economic climate in Santa Barbara and throughout the country got significantly worse in the second quarter of the year. As noted in the previous section, key City revenues have been negatively impacted and, accordingly, General Fund expenditures will need to be curtailed to offset the expected revenue shortfalls. In December, each General Fund department was given an expenditure reduction target to be met during the final six months of the fiscal year, for a total targeted savings of \$3 million. All departments will be closely monitoring expenditures throughout the remainder of the year to ensure that expenditures end the year under budget by the targeted amount. These adjustments were agreed upon but the annual budget has not been adjusted for the expenditure reduction targets at this time. Accordingly, the adjustments have not been reflected in the Summary of Expenditures shown above or in the interim financial statements included as attachment 3 to the agenda report.

Departments with negative variances through December 31, 2008 are discussed below.

**City Administrator Office**

City Administrator departmental expenditures were \$53,343 over the YTD budget due to \$82,924 in outstanding encumbrances at December 31. These encumbrances are primarily professional service contracts for labor relations and Spanish translation services for City TV that will be utilized throughout the year. These create a temporary variance and will be expended throughout the remainder of the year as needed.

**Police Department**

Police Department expenditures and encumbrances were almost \$1.3 million over the YTD budget. Approximately \$274,000 is attributable to encumbrances that will be consumed throughout the remainder of the year. The larger outstanding encumbrances include approximately \$101,000 for the sobering center and Department of Justice drug analysis, over \$50,000 for computer and other equipment purchases, \$27,000 for an electronic chalking system, \$22,000 for computerized parking citations, and over \$20,000 for the purchase of protective vests and tasers. Salary & benefit costs were approximately \$915,000 over the YTD budget primarily due to payouts of accumulated leave time for in connection with the retirement of several senior officers. One of the recommended mid-year adjustments is an increase in appropriations in the Police Department of \$400,000 to cover the higher than normal amount of leave payouts. Secondly, the department incurred overtime costs associated with Fiesta, July 4<sup>th</sup>, and Solstice celebrations that occur in the first part of the year only. Staff projects that salary and benefit costs will decrease in the second half of the year and that Police Department expenditure savings, with the increase in appropriations of \$400,000, will be able to meet their targeted savings by year end.

**Fire Department**

Fire Department expenditures were approximately \$1.1 million over the YTD budget at December 31. This negative variance is primarily due to the costs of providing mutual aid assistance to fight several fires outside Santa Barbara County this year. The cost of providing mutual aid so far this year was approximately \$1.4 million. The City receives mutual aid

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reimbursements to offset the additional allowable direct costs plus overhead associated with providing mutual aid assistance. The Department is requesting \$1 million in additional appropriations at mid-year to cover these costs.

**Parks & Recreation Department**

Parks & Recreation Department expenditures were approximately \$443,000 over the YTD budget at mid-year, with approximately \$426,000 due to unspent encumbrances. Excluding encumbrances, the Department had a \$17,000 negative variance at December 31. Small negative mid-year variances are normal because of the many summer programs that occur in the first two months of the year. This negative variance generally evens out throughout the remainder of the year. The encumbrances include maintenance contracts, professional service contracts, supplies and equipment, and other costs that will be spent throughout the remainder of the fiscal year.

**Community Development/Library Departments**

Community Development and Library Department expenditures were over budget at December 31 by approximately \$500,000 and \$39,000, respectively. These negative variances were due to unspent encumbrances of \$504,000 and \$53,000 in the Community Development and Library Departments. Community Development encumbrances include human services grants, professional service contracts, supplies and services costs, and other purchases. The unspent encumbrances will be utilized throughout the remainder of the year and staff expects to meet the new budget targets at year-end.

**Non-Departmental**

Non-Departmental expenditures often exceed the YTD budget at December 31 because of debt service payments that are not incurred evenly throughout the year, the encumbrance of the community promotions contract with the Conference and Visitors Bureau, and the costs of Fiesta and July 4<sup>th</sup> that occur in the first quarter. While there is a \$168,000 negative budget variance through six months, this variance is temporary and expenditures are expected to be within budgetary limits at year-end.

**Enterprise Funds**

Unlike the General Fund, which relies primarily on taxes to subsidize programs and services, Enterprise Fund operations are primarily financed from user fees. Because of this, enterprise fund revenues have not been negatively impacted by the steep decline in key tax revenues that has occurred in the General Fund. However, the recession will have an impact on the enterprise funds as customers look for ways to minimize the effects of the current recession on their personal finances and reduce expenditures from their budgets. The Airport is seeing reductions in passenger counts and reductions in car rentals; the Downtown Parking Fund is experiencing a reduction in parking levels; and rounds of golf continue to decline in the Golf Fund. Unlike the General Fund, Enterprise Funds were not required to reduce their current year expenses but will do so as needed to offset revenue reductions that may occur this year.

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SUMMARY OF REVENUES & EXPENSES Six Months Ended December 31, 2008 ENTERPRISE FUNDS								
	Current Year Analysis						Prior Year Analysis	
	Annual Budget	YTD Budget *	YTD Actual	YTD Variance	YTD Percent	3 Year Average	YTD Actual	% Variance
<b>Water Fund</b>								
Revenues	\$ 32,593,646	\$ 17,597,309	\$ 18,819,047	\$ 1,221,738	57.7%	54.0%	\$ 18,402,467	2.3%
Expenses **	35,793,013	17,896,507	19,195,535	(1,299,029)	53.6%	50.0%	16,796,375	14.3%
<b>Wastewater Fund</b>								
Revenues	14,625,942	7,427,053	7,531,070	104,017	51.5%	50.8%	7,135,721	5.5%
Expenses **	15,056,773	7,528,387	7,970,927	(442,541)	52.9%	50.0%	7,889,111	1.0%
<b>Downtown Parking Fund</b>								
Revenues	7,464,980	3,525,710	3,429,033	(96,677)	45.9%	47.2%	3,506,144	-2.2%
Expenses **	9,624,437	4,812,219	5,747,228	(935,010)	59.7%	50.0%	4,101,470	40.1%
<b>Airport Fund</b>								
Revenues	12,892,002	6,367,360	6,857,433	490,073	53.2%	49.4%	6,635,556	3.3%
Expenses **	15,006,609	7,503,305	7,776,825	(273,521)	51.8%	50.0%	8,408,893	-7.5%
<b>Golf Fund</b>								
Revenues	2,695,570	1,341,316	1,142,670	(198,646)	42.4%	49.8%	1,140,652	0.2%
Expenses **	3,349,846	1,674,923	1,960,214	(285,291)	58.5%	50.0%	1,420,397	38.0%
<b>Waterfront Fund</b>								
Revenues	11,548,876	5,996,176	5,960,733	(35,443)	51.6%	51.9%	6,071,294	-1.8%
Expenses **	12,168,847	6,084,424	6,701,534	(617,111)	55.1%	50.0%	7,707,049	-13.0%
* The YTD Budget column has been calculated based on a 3-year average collection rate through December 31, which has been applied to the annual budget.								
** Expenses include encumbrances at December 31.								

The table above summarizes Enterprise Fund revenues and expenses through December 31, 2008, with a comparison to budget and prior year. Note that the "YTD Budget" column for revenues has been calculated based on a 3-year average collection rate through December 31. This rate, which is shown as a percentage in the "3 Year Average" column, has been applied to the annual budget amount to arrive at the YTD Budget. This approach is used in recognition that enterprise fund revenues, like General Fund tax revenues, are seasonally affected and are generally not received evenly throughout the year. For example, Water Fund revenues are affected by weather conditions such that demand is higher in the warmer summer months and lower in the wet winter months. Therefore, adjusting the budget for seasonal variations allows for a more meaningful comparison to YTD revenues. The YTD budget for expenses is 50% of the annual budget. The "YTD Actual" for expense includes encumbrances at December 31 of each respective year.

Revenues of the Water, Wastewater, Airport, and Waterfront Funds are in line with the seasonally adjusted revenue expectations at mid-year. Staff projections indicate that the Water and Wastewater Funds will meet or exceed the revenue budgets for the year. Expenses of all of the enterprise funds were above the YTD budget at December 31, 2008; however, this negative variance is attributable to unspent encumbrances. As previously noted, the

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encumbrances are the result of annual contracts and other costs that will be liquidated throughout the remainder of this year. Additionally, debt service payments are not paid evenly throughout the year and result in additional temporary variances throughout the year. Enterprise fund expenditures are expected to end the year well within budgetary limits.

Airport Fund revenues are projected to end the year approximately \$194,000 under budget. This projected revenue shortfall is due to declines in both commercial & industrial revenues and terminal revenues. Specifically, commercial & industrial lease revenues will be approximately 4% under budget due to the loss of 3 tenants and limited ability to re-lease the properties as a result of the economic slowdown and the location of some of the properties. Terminal revenues are projected to be approximately 7.2% below budget because of a corresponding decline in passenger traffic. Decreased passenger traffic affects food & beverage, gift shop, and parking revenues.

Waterfront staff projects a \$295,000 negative annual variance in Marina Management revenues. This is primarily due to a steep decline in slip transfer fee revenue. The current recession has caused a decline in boat purchases and associated slip transfers this year. This is also reflected in the percent rents received from the three boat brokerage businesses that operate in the Waterfront area.

Downtown Parking Fund revenues were at 45.9% of the annual budgeted amount at December 31. This is almost entirely due to hourly parking revenues falling below the original estimate. The actual number of hourly parking transactions is below the estimate and revenues are expected to end the year approximately \$365,000 below the annual budget. Budgeted expenses include \$2.9 million for capital projects that are planned over several years. Some of the projects will be delayed as needed to offset the revenue shortfall this year.

Golf Fund revenues were approximately 7.4% below the 3-year average of collections through December 31. This unfavorable revenue variance is primarily attributable to a reduction in rounds played and a budgeted \$350,000 loan from the General Fund that has not yet been funded. The rounds of golf played are down 5.9% from the rounds for the first six months of the prior year. Revenues are projected to fall short of the annual budget, but expenses will be reduced to offset the revenue shortfall. Golf Fund expenses were 8.5% (\$285,000) above the YTD budget at December 31. This unfavorable variance is primarily due to more than \$500,000 in costs expended on the Golf Safety Improvement Plan (SIP). These costs are not spent ratably throughout the year but rather as the various phases of the SIP are completed.

**CITY OF SANTA BARBARA**  
**Schedule of Recommended Mid-Year Adjustments**  
**Fiscal Year Ending June 30, 2009**

	<u>Increase/ (Decrease) Expenditure Appropriation</u>	<u>Increase/ (Decrease) Revenue Budget</u>	<u>Increase/ (Decrease) Fund Balance</u>
<b>GENERAL FUND (001)</b>			
<b>Non-Departmental Revenues</b>			
Sales Tax	\$ -	\$ (1,552,568)	\$ (1,552,568)
Property Tax	-	(140,705)	(140,705)
Transient Occupancy Tax	-	(548,887)	(548,887)
Utility Users Tax	-	163,923	163,923
Franchise Fees	-	(58,261)	(58,261)
Property Transfer Tax	-	(166,408)	(166,408)
Vehicle License Fees	-	(94,326)	(94,326)
<b>Departmental Revenues</b>			
Fees & Charges	-	(1,070,000)	(1,070,000)
Police Parking Violations	-	(380,000)	(380,000)
<b>Fire Department</b>			
Overtime costs to provide mutual aid	755,359	-	(755,359)
Mutual aid revenues	-	1,005,359	1,005,359
Reduce vehicle replacement cost	(131,836)	-	131,836
<b>Police Department</b>			
Vacation/Sick leave pay-outs (retirements)	400,000	-	(400,000)
<b>Non-Departmental (Balancing Adjustments)</b>			
Transfers from Street Sweeping Fund	-	1,000,000	1,000,000
Transfers from Self-Insurance Fund	-	500,000	500,000
Rebate from Information Systems	-	52,983	52,983
Rebate from Intra-City Service Fund	-	114,425	114,425
Rebate from Equipment Replacement Fund	-	75,965	75,965
Reduce capital transfers for delayed projects	(725,000)	-	725,000
Total General Fund	<u>\$ 298,523</u>	<u>\$ (1,098,500)</u>	<u>\$ (1,397,023)</u>
<b>CITY HALL ALLOCATION FUND (041)</b>			
Transfer to Information Systems Capital Fund	<u>\$ 33,333</u>	<u>\$ -</u>	<u>\$ (33,333)</u>
<b>STREET SWEEPING FUND (332)</b>			
Transfer to General Fund	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
<b>INTRA-CITY SERVICE FUND (511)</b>			
Rebate to General Fund	<u>\$ 114,425</u>	<u>\$ -</u>	<u>\$ (114,425)</u>
<b>ICS EQUIPMENT REPLACEMENT FUND (512)</b>			
Rebate to General Fund	<u>\$ 75,965</u>	<u>\$ -</u>	<u>\$ (75,965)</u>
<b>SELF-INSURANCE TRUST FUND (531)</b>			
Transfer to General Fund	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>



**CITY OF SANTA BARBARA**  
**Schedule of Recommended Mid-Year Adjustments**  
**Fiscal Year Ending June 30, 2009**

	<u>Increase/ (Decrease) Expenditure Appropriation</u>	<u>Increase/ (Decrease) Revenue Budget</u>	<u>Increase/ (Decrease) Fund Balance</u>
<b>INFORMATION SYSTEMS FUND (541)</b>			
Transfer to Information Systems Capital Fund	\$ 55,000	\$ -	\$ (55,000)
Rebate to General Fund	52,983	-	(52,983)
Total Information Systems	<u>\$ 107,983</u>	<u>\$ -</u>	<u>\$ (107,983)</u>
<b>INFORMATION SYSTEMS CAPITAL FUND (542)</b>			
Infrastructure Upgrade Project	\$ 168,888	\$ -	\$ (168,888)
Transfer from Other Funds	-	83,333	83,333
Reduce GIS Project	(80,555)	-	80,555
Total Information Systems Capital	<u>\$ 88,333</u>	<u>\$ 83,333</u>	<u>\$ (5,000)</u>
<b>WATER FUND (411)</b>			
Water treatment expense due to fires	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
<b>WASTEWATER FUND (421)</b>			
Increase Sewer Lateral Rebate Program	\$ 350,000	\$ -	\$ (350,000)
Transfers From Wastewater Capital Fund	-	350,000	350,000
Total Wastewater Fund	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>
<b>WASTEWATER CAPITAL FUND (422)</b>			
Reduce Sewer Overflow Compliance Program	\$ (350,000)	\$ -	\$ 350,000
Transfers to Wastewater Fund	350,000	-	(350,000)
Total Wastewater Capital Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANTA BARBARA**  
**Summary of Recommended Balancing Strategy**  
**Fiscal Year 2009**  
**GENERAL FUND**

**PROJECTED DEFICIT**

**Non-Departmental Revenues Surpluses (Shortfalls)**

Sales Taxes	\$ (1,552,568)	
Property Taxes	(140,705)	
TOT	(548,887)	
UUT	163,923	
Franchise Fees	(58,261)	
Property Transfer Taxes	(166,408)	
Vehicle License Fees	<u>(94,326)</u>	\$ (2,397,232)

**Department Revenues Shortfalls**

Fees & Charges	(1,070,000)	
Police (Pkg. Violations)	<u>(380,000)</u>	(1,450,000)

**Other**

Unrealized Year-End Variance	(2,420,494)	
Vacation/Sick Leave Pay-Outs	<u>(400,000)</u>	<u>(2,820,494)</u>

<b>Projected Use of Reserves at June 30, 2009</b>	<b>\$</b>	<b><u><u>(6,667,726)</u></u></b>
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**PROPOSED STRATEGY TO BALANCE**

Expenditure Savings	3,500,000
One-Time Measures	
Appropriated Reserves	700,000
Workers' Comp Reserves	1,000,000
ICS Charge Rebate (3%)	243,373
Streets Sweeping Fund Reserves	500,000
Reduced Capital Program	<u>725,000</u>
Total	<b>\$ <u><u>6,668,373</u></u></b>



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 3, 2009

**TO:** Mayor and Councilmembers

**FROM:** Environmental Services Division, Finance Department

**SUBJECT:** Proposed New Business Sector Trash And Recycling Rate Structure Effective July 1, 2009

### RECOMMENDATION:

That Council approve the proposed business trash and recycling structure and direct staff to finalize the rates and initiate outreach and noticing requirements.

### DISCUSSION:

In March 2008, City Council approved the Solid Waste Action Plan (Action Plan), designed to focus and better coordinate staff efforts to implement the projects of the 2005 Solid Waste Strategic Plan. The Action Plan spells out an approach to maximizing diversion from landfill disposal for fiscal years 2008 through 2011. The Action Plan's top two priorities are Business Sector Recycling and the implementation of a Foodscrap Recovery and Composting Program in the Business Sector.

As part of the Business Sector Recycling effort, Environmental Services Division staff hired Skumatz Economics Research Associates (SERA) to perform a rate study for the business sector. The Rate Study Project Team (Project Team) was comprised of senior staff from Allied Waste Industries (Allied) and MarBorg Industries (MarBorg), the City's franchised haulers, SERA and Environmental Services staff.

### Goals of the Rate Study

The three primary goals of the rate study were to: (1) establish new rates for the Foodscrap Recovery and Composting Program in the business sector; (2) provide greater financial incentives for businesses to divert more material from landfill disposal; and (3) make business trash rates / utility bills easier to understand, enabling customers to more easily discern the financial incentives to divert material from the trash. The rate study also corrected several anomalies in the existing rate structure that can create disincentives for businesses to recycle more.

## Rate Study Objectives and Policy Assumptions

The Project Team worked to develop a rate model that would be reliable and capable of predicting the potential financial impacts of various diversion targets for the business sector. The rate model was also designed to generate a more uniform and logical rate structure, deliver immediate rewards or penalties for customers based on their existing efforts to divert, and to provide **all** customers with an opportunity to reduce their monthly bill by increasing their diversion. The Project Team also required a model that could calculate the potential impacts on hauler revenues and costs, helping to ensure revenue neutrality for the haulers.

The franchised haulers and staff reviewed many different inputs to the model, pursuing the following major policy goals to develop a new business rate structure:

- Increasing charges to business customers currently below 50% diversion;
- Decreasing charges to business customers currently above 50% diversion;
- Providing an opportunity for all customers to lower their bills through increased diversion;
- Pricing recycling, greenwaste, and foodscraps services at 20% the price of trash;
- Preserving the free 96 gallons of free recycling and greenwaste services for those customers with carts and/or cans only;
- Discontinuing free recycling and greenwaste services for customers with trash dumpsters;
- Encouraging reduced collection frequencies through rate penalties; and
- Generating additional revenues to ensure rate stability over several years.

## Rate Study Results

The model includes a customer class analysis that demonstrates the impact of the new rates upon customers at varying levels of material collected per week and diversion. Although it was not possible to achieve all of the above policy goals for every customer class at every diversion level, the proposed rate structure maximizes the desired policy goals. Below is an example of the impacts to a business customer that has eight cubic yards of collection services per week, at varying levels of diversion:

<b><u>8 Yard Business Customer</u></b>	<b><u>Diversion</u></b>	<b><u>Current Bill</u></b>	<b><u>New Bill</u></b>	<b><u>% Change</u></b>
Trash Dumpster Only	0%	\$474.77	\$599.75	26.3%
Trash Dumpster / Recycling Dumpster	33%	\$446.12	\$478.74	7.3%
Trash Dumpster / Recycling Dumpster	50%	\$389.18	\$342.71	-11.9%
Trash Dumpster / Recycling Dumpster	66%	\$332.24	\$233.12	-29.8%

The proposed new business rate structure and impacts to customer classes were presented to the Solid Waste Committee (Committee) on February 12, 2009. The Committee recommended forwarding the proposed business rate structure to City Council for approval.

### **Revenue Neutrality & Rate Stability Funds**

From the outset of the Rate Study, the Project Team acknowledged that an econometric model would be capable of producing a new rate structure, and produce positive results in the business sector, yet would be only as effective as the assumptions used in the model. The Project Team realized that it would be not possible to predict the resultant diversion in the business sector, and revenues generated, with 100% accuracy. To this end, the existing franchise agreements with Allied and MarBorg state that when and if the City proposes significant changes to the solid waste rate structure - to achieve specific environmental or policy objectives - the City is required to "keep the haulers whole." More precisely, the City is required to ensure that the revenues generated under a new rate structure are not materially different from existing revenues and, if so, the City is required to correct any significant variance, whether a shortfall or an excess of revenues.

With this contractual obligation in mind, the Project Team designed the proposed new rates for trash and recycling services so that additional funds can be generated and used to keep the haulers whole. While these funds will allow the City to adjust payments to the haulers as needed, they will also reduce the degree to which rates may need to be modified from year to year. In other words, while the goal and intended result for these funds is to keep the haulers whole, these funds will also provide stability to the rate structure from year to year.

### **Next Steps**

If Council approves the proposed new business trash and recycling rate structure, staff will begin implementing the following targeted outreach efforts to businesses:

- Utility Bill Inserts & Messages (Prop 218 notice)
- Direct Mailing to All City Businesses
- Presentations to Large Business Groups  
(e.g., Downtown Organization, Chamber of Commerce)
- Several Stakeholder Meetings
- Technical Assistance to Potentially Affected Businesses  
(to avoid pending price increases)

**BUDGET/FINANCIAL INFORMATION:**

Per the franchise agreements with both Allied and MarBorg, the City is required to maintain revenue neutrality when proposing fundamental changes to the structure of the rates for collecting municipal solid waste in the City. The proposed new business rate structure has been designed to be revenue neutral and pose no material financial impacts to the City or the franchised haulers.

**SUSTAINABILITY IMPACTS:**

Recycling municipal solid waste and the City's related efforts to divert material from landfill disposal have considerable beneficial impacts to the environment. The proposed new business rates contain increased financial incentives for business customers to divert recyclable, compostable and/or reusable materials from the trash. The US EPA has acknowledged and developed metrics that provide clear evidence of reduced greenhouse gas emissions through composting and recycling, which result in the creation of products using recycled feedstocks versus using virgin, natural resources. All of the activities of the Action Plan contribute to the City's goal of becoming a more sustainable community.

**PREPARED BY:** Stephen MacIntosh, Environmental Services Supervisor

**SUBMITTED BY:** Robert D. Peirson, Finance Director

**APPROVED BY:** City Administrator's Office



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 3, 2009

**TO:** Mayor and Councilmembers

**FROM:** Engineering Division, Public Works Department

**SUBJECT:** Capital Improvement Projects Second Quarter Report For Fiscal Year 2009

### **RECOMMENDATION:**

That Council receive, for information only, the Capital Improvement Projects (CIP) Second Quarter Report for Fiscal Year 2009.

### **DISCUSSION:**

A presentation is being made to Council summarizing the design and construction of the CIPs for the Second Quarter of Fiscal Year 2009.

### **CONSTRUCTION HIGHLIGHTS**

One project was completed in the Second Quarter of Fiscal Year 2009, for a total project cost of \$2,198,624 (Attachment 1).

In addition, there are 10 Capital Projects with construction in progress, with a value of \$22,623,543 (Attachment 2). The following are some construction highlights:

#### **Airport:**

- S.B. Airport Terminal Apron and Taxiway B Realignment (\$3,380,266) - This project consists of widening approximately a 1,300 foot section of Taxiway B from Taxiway A south from 40 feet to 50 feet and the installation of approximately 75,000 square feet of new Portland cement concrete ramp. The contractor has completed all work associated with the widening of Taxiway B and the new Airline Terminal ramp.

#### **Public Works -Streets Capital:**

- Mission St. at 101 Bike Lane (\$2,175,495) - Approximately 97% of the construction is now complete. The remaining activities include micro-paving, striping, landscaping, plastering, and painting of walls.

Public Works - Wastewater:

- Small Diameter Sewer Main Rehabilitation (\$1,692,434) - Approximately 18,200 linear feet of 6-inch diameter pipe and 14,400 linear feet of 8-inch diameter pipe have been inspected, cleaned, and rehabilitated. An additional 2,764 linear feet of 6-inch sewer and 3,315 linear feet of 8-inch sewer are currently being inspected, cleaned and rehabilitated.

**DESIGN HIGHLIGHTS**

There are currently 47 projects under design in the Public Works Engineering Division, with an estimated total project cost of \$216,288,405. These are categorized as follows:

PROJECT CATEGORY	PROJECT DESIGN IN PROGRESS	
	No. of Projects	Total Value of Projects
Airport	4	\$68,620,000
Creeks	2	\$3,500,000
Parks & Recreation	4	\$1,267,020
Public Works: Bridges	6	\$52,215,000
Public Works: Facilities	1	\$5,236,099
Public Works: Lower Mission Creek	2	\$5,000,000
Public Works: Street/Transportation/Parking	10	\$13,068,500
Public Works: Water/Wastewater	11	\$45,109,600
Redevelopment Agency	6	\$19,841,593
Waterfront	1	\$2,430,593
<b>TOTALS</b>	<b>47</b>	<b>\$216,288,405</b>

Work is scheduled to be funded over several years, as generally shown in the City's Six-Year Capital Improvement Program Report. Many projects rely on guaranteed or anticipated funding and grants.

The Airport has two significant construction contracts scheduled to be awarded in March 2009 for the staged construction of their new Terminal.



The following features some of our projects currently in design:

Public Works - Lower Mission Creek:

- State Water Regional Control Board Proposition 50 Grant (\$2,500,000) - Proposition 50 grant funds were frozen in mid-December. We are evaluating the impacts with the State Board and are still proceeding with the work. We have formally applied with the California Coastal Commission for a Coastal Development Permit.

Public Works - Streets, Transportation/Parking:

- Loma Alta Sidewalk (\$1,542,000) - The Architectural Board of Review approved some of the finer points of the design in the December 15, 2008 Council meeting. In the coming months, the required paperwork will be filed with Caltrans to allocate and authorize the project to go out to bid. We anticipate the project to be bid in spring 2009 and construction to follow in summer 2009.

Public Works - Wastewater:

- Wastewater Main Replacement (\$700,000) - As part of the sewer overflow prevention program, sewer mains are identified for replacement or rehabilitation using video. The wastewater main replacement project focuses on approximately 40 point repairs and approximately 1,500 feet of pipe replacement.

Public Works - Water:

- Cater Ozone Safe Drinking Water State Revolving Fund (SDWSRF) Application (\$18,000,000) - As part of the Cater Water Treatment Plant Ozone/CO2 project that will improve water quality, the SDWSRF is the funding source for this project. The City will be seeking approximately \$19.75 million in loan money from the SDWSRF Program through a formal loan application package. The state fund is funded by Proposition 13 from 2000, Proposition 50 from 2002, and Proposition 84 from 2006.

Redevelopment Agency:

- West Cabrillo Pedestrian Improvements Project (\$3,060,238) - This project is at 90% design completion and has been approved by the Architectural Board of Review and the Historic Landmarks Commission. The final art contractor has been chosen for the art elements.
- West Downtown Pedestrian Improvements Project (\$3,143,759) - Staff is finalizing the design and the project is scheduled to go out to bid in the Third Quarter of Fiscal Year 2009. This project will provide pedestrian improvements on Anapamu and Chapala Streets between Highway 101 bridge crossings and Chapala Street.

**ATTACHMENTS:**     1.    Completed Capital Projects for Fiscal Year 2009  
                             2.    Capital Projects with Construction in Progress

**PREPARED BY:**     Pat Kelly, Assistant Public Works Director/City Engineer/TA

**SUBMITTED BY:**    Christine F. Andersen, Public Works Director

**APPROVED BY:**     City Administrator's Office

**COMPLETED CAPITAL PROJECTS, SECOND QUARTER FISCAL YEAR 2009**

<b>Project Name</b>	<b>SB Airport South Apron Rehab</b>
Design Costs	\$90,187.60
Construction Contract	\$1,515,649.00
Construction Change Order Costs	\$401,565.00
Construction Management Costs	\$191,222.63
<b>Total Project Costs</b>	<b>\$2,198,624.23</b>

## Capital Projects with Construction in Progress

PROJECT CATEGORY	CONSTRUCTION IN PROGRESS	
	No. of Projects	Construction Contract Costs
Airport	2	\$10,339,471.00
Public Works: Streets Capital	1	\$2,175,495.00
Public Works: Streets/Transportation/Parking	1	\$248,754.00
Public Works: Water Resources	4	\$4,582,937.00
Redevelopment Agency	2	\$5,276,886.81
<b>TOTAL</b>	<b>10</b>	<b>\$22,623,543.81</b>



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 3, 2009  
**TO:** Mayor and Councilmembers  
**FROM:** City Attorney's Office  
**SUBJECT:** Conference With Legal Counsel - Pending Litigation

### RECOMMENDATION:

That Council hold a closed session to consider pending litigation pursuant to subsection (a) of section 54956.9 of the Government Code and take appropriate action as needed.

The pending litigation is *Javier Bravo, et al., v. City of Santa Maria, et al., USDC Case Number CV 06-6851 FMC (SHx)*.

### SCHEDULING:

Duration: 15 minutes; anytime

### REPORT:

None anticipated

**SUBMITTED BY:** Stephen P. Wiley, City Attorney

**APPROVED BY:** City Administrator's Office